



LET'S INSPIRE



CONNECTING
YOU
TO WHAT
MATTERS MOST

Integrated Annual Report 2021

CONNECTING YOU TO WHAT MATTERS MOST

2021 continued to be an extraordinary year as society stayed vigilant and resilient a year after the Covid-19 pandemic emerged.

Malaysians persevered as we adapted to changing situations brought on by various safety restrictions imposed by the authorities to curb the spread of the virus. Digital connectivity became even more crucial as lives and livelihoods shifted online and people continued to be physically apart.

The cover highlights how digital connectivity has supported the communication needs of every segment of the society, bringing people closer together amidst the pandemic. We continue to be inspired by the people we serve, and remain steadfast in our responsibility and purpose to connect people to what matters most.

To learn more about our Integrated Annual Report 2021, visit www.digi.com.my/annualreport/index.html



Scan this QR Code
for Integrated Annual
Report 2021 online



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About This Report

This is Digi.Com Berhad's 3rd Integrated Annual Report (IAR) 2021, prepared in accordance with the principles prescribed by the International Integrated Reporting Council (IIRC). Our IAR aims to provide a balanced and accurate reflection of our strategy, performance, risks and emerging opportunities, as well as prospects of the company. The intent of the report is primarily to address value-creation considerations of long-term investors and provide appropriate information to all our key stakeholders.



Scope and Reporting Boundaries

As previously announced in June 2021, Axiata Group Berhad, Telenor Asia Pte Ltd and Digi.Com Berhad (Digi) have successfully concluded the due-diligence exercise and signed the Transaction Agreements for the proposed merger of Celcom Axiata Berhad (Celcom) and Digi.

However, the report is published on a business-as-usual basis with its reporting scope remains largely the same as last year's report, covering the activities of our wholly owned subsidiary, Digi Telecommunications Sdn. Bhd., which is the core of our business operations. The reporting period comprises our financial and non-financial performance from 1 January 2021 to 31 December 2021, unless stated otherwise.

Assurance

Our audited annual financial statements are disclosed in Section 6. We have also engaged an external auditor to provide a limited assurance for selected non-financial indicators. The independent assurance report can be found on pages 218 to 220 of this report.

Forward-looking Statements

This report may contain forward-looking statements with respect to Digi's future performance and prospects, alongside the ongoing proposed merger of Digi and Celcom which will be subject to regulatory approvals, other customary terms and conditions and approvals of all non-interest shareholders.

Integrated Approach and Materiality

We aim to preserve, create and deliver sustainable value for all our stakeholders through our six capitals. Our unique processes are key inputs and we produce value-adding outputs by using an integrated approach. In addition, we have fully embedded integrated thinking in our sustainability management to fully reflect material environmental, social, and governance (ESG) considerations into our short-to-long term business model and strategies.

Our material matters are continuously monitored as they have the potential to substantially affect – both positively and negatively – our ability to create and preserve value. Subsequently, the materiality assessment processes and disclosures are aligned to the Materiality principles of International <IR> Framework and Bursa Malaysia Securities Berhad's (Bursa Malaysia) Listing Requirements.

Approval by the Board

The Board of Directors of Digi is responsible for ensuring the integrity of Digi's IAR 2021 and give full attention to the management's evaluation and effectiveness of disclosure controls and procedures. Such controls will ensure high reliability of financial reporting for external purposes in accordance with the Main Market Listing Requirements of Bursa Malaysia. The report was approved by the Board on 11 March 2022.

Reporting Suites

We are committed to report openly and honestly to our broad range of stakeholders. To view the full suite, visit our website at www.digi.com.my/annualreport/index.html

IAR

Integrated Annual Report (IAR) 2021

Our primary report to shareholders, which details the company's developments, financial performance for the year and future orientation to form our holistic value creation story.

1 2 3 4 5 6 7 8 9

SP

Sustainability Performance and GRI Content Index

Our Sustainability performance website provides a detailed account of the company's sustainability performances, available online via <https://www.digi.com.my/sustainability/reporting.html>

3 4 8 9

CG

Corporate Governance Report 2021

Our Corporate Governance report details out Digi's corporate governance practices.

2 3 5

Reporting Framework & Principles


- | | |
|--|--|
| 1 IIRC's Integrated Reporting <IR> Framework | 5 Malaysian Code on Corporate Governance |
| 2 Companies Act 2016 | 6 Malaysian Financial Reporting Standards (MFRS) |
| 3 Main Market Listing Requirements of Bursa Malaysia | 7 International Financial Reporting Standards (IFRS) |
| 4 Bursa Sustainability Reporting Guidelines & Toolkits | 8 Global Reporting Initiative (GRI) Standards (Core) |
| | 9 ISAE 3000 (Revised) – Limited Assurance Engagement |

Navigation Icons

Our Capitals

-  Financial Capital
-  Manufactured Capital
-  Intellectual Capital
-  Human Capital
-  Natural Capital
-  Social and Relationship Capital

Our Strategic Pillars

-  Growth
-  Modernisation
-  Responsible Business

Feedback and Contact Point

Your feedback is important to us and we welcome your input to enhance the quality of our reporting. Please email your feedback to invesrel@digi.com.my.

About Digi

WHO WE ARE

Digi is a leading and trusted digital connectivity and services company, empowering societies and keeping customers connected to what matters most.

WHAT WE DO

Our number one priority is to deliver connectivity in a safe, reliable, and efficient way to Malaysians across the country.

We believe connectivity empowers everyone to improve their lives, builds societies and secures a better future for all.

We offer a wide range of innovative, personalised, and engaging mobile connectivity, internet services, and digital solutions to 10.3 million consumers and business customers every day on our advanced 4G LTE network.

We have built solid fundamentals and expertise in future-ready networks, digitalisation, customer experience, workplace and people development, and responsible business practices – shaped by a culture of innovation.

Building on these capabilities, we believe we are well positioned to include, advance and safeguard customers and society through digitalisation and advanced technologies for a future of new possibilities.

10.3 million
customers

93.1% **75.9%**
4G LTE 4G LTE-A
network coverage in
populated areas nationwide

10,173 KM
fibre network

OUR VALUES



ALWAYS EXPLORE

We believe growth comes from learning every day. We're curious and we dare to challenge, test, fail fast and pivot.



CREATE TOGETHER

We believe diverse teams find better solutions. We seek different perspectives, share, involve, and help each other succeed.



KEEP PROMISES

We believe that trust is key in all our relationships. We take ownership and pride in delivering with precision and integrity.



BE RESPECTFUL

We believe in the unique human ability to understand what matters for people. We meet everyone at eye level, listen and show that we care.

OUR WAY OF WORK



CUSTOMER OBSESSED

Putting our customers at the heart of everything we do.



INNOVATION 360

Exploring ways to do things differently and to do different things that serve to improve the lives of our customers.

OUR PURPOSE

Empowering Societies

Connecting Customers To What Matters Most

Connecting people, businesses and societies has been the core of our business for the last 27 years. Today, internet connectivity impacts nearly every part of our lives, and we are making it more personalised and relevant than ever before. To us, it is more than good business. It is empowering societies.

Building on this, we want to enable connectivity for all to drive greater societal inclusion, advance connectivity to accelerate digital future, and safeguard the planet, people

and data in the digital world and beyond. The global Covid-19 pandemic in the past two years has demonstrated that our purpose is more relevant than ever.

Delivering our purpose requires a dedicated focus on transforming and modernising our organisation to enable growth and create efficiencies, while innovating on our core services and customer experiences, and conducting our business in a responsible manner always. This is how we aim to create value for our customers and stakeholders for the long-term.

OUR STRATEGY

We have a clearly defined strategy driving our purpose to empower societies and connect customers to what matters most. Anchored on Growth, Modernisation and Responsible Business, our strategy steers us to remain a leading and trusted digital connectivity partner.

Refer to Our Strategy on pages to 44 to 47.

CORPORATE STRUCTURE



Digi.Com Berhad

[Registration No. 199701009694 (425190-X)]

100%

Digi Telecommunications Sdn. Bhd.

[Registration No. 199001009711 (201283-M)]

100%

InfraNation Sdn. Bhd.

[Registration No. 200901003326 (846253-D)]

100%

Y3llowlabs Sdn. Bhd.

[Registration No. 200001032596 (535203-H)]

Chair of the Board's Statement

In the context of the ongoing Covid-19 pandemic in 2021,

Digi's purpose has never been more relevant: connectivity continues to enable customers to work from anywhere, for businesses to remain operational, for public services to function, and for people to stay connected to what matters most to them.

In 2021, Digi delivered on its strategic plans: the company focused on growing its network, brought affordable, relevant, and innovative products and digital solutions to consumers and businesses, modernised its operations to improve how it serves customers, and delivered healthy returns to its shareholders. Digi continued to deepen its responsible business commitments, which are built on good corporate governance principles to serve customers credibly, to care for its employees and supply chain, and to play our part as society recovers from the pandemic.

Read more about this on pages 8 to 9.

“

Digi continued to deepen its responsible business commitments, which are built on good corporate governance principles to serve customers credibly, to care for its employees and supply chain, and to play our part as society recovers from the pandemic.

”

Haakon Bruaset Kjoel

Chair of the Board



Chair of the Board's Statement



How did Digi create value for its stakeholders amidst the pandemic?



Digi continued to improve network availability and quality, enabling customers to stay connected and fully leverage the benefits of digital technology. Initiatives introduced at the start of the pandemic in 2020 carried on into 2021. They include various Yellow Heart initiatives to help critical relief and community support efforts, as well as the year-long provision of free daily 1GB data for productivity and education, access to affordable mobile plans and devices via the *Jaringan Prihatin* and *Pakej Keluarga Malaysia* programmes, and access to *PENJANA* digitalisation grants for small and medium enterprises (SME). Provision of these digital solutions has also enabled consumers and businesses to reduce their carbon footprint, helping Digi drive greater climate action across its value chain.

The Board commends the Management for advancing the robust business continuity plan put in place the previous year that enabled the company to adapt quickly to changing conditions. We also record our appreciation to all Digizens and partners for their resilience in navigating through yet another a challenging year, by working together safely to continue serving the needs of its 10.3 million customers.



Read more about how Digi created value across its six capitals on **pages 50 to 81**.



How did Digi fare in sustaining its returns to shareholders?



Digi's focused execution on strategic priorities and prudent financial management have led the Board to declare a net dividend per share of 14.9 sen - returning a total payout of RM1,158 million to shareholders and sustaining a near 100% dividend payout ratio for FY2021. Year on year, the company continues to exceed its dividend policy of distributing a minimum 80% of net profits, keeping to its commitment of delivering strong and sustainable returns to shareholders.



Read more about the value Digi created with its Financial Capital on **pages 50 to 53**.



How is Digi delivering on its Responsible Business commitments?



Responsible Business continues to be a core pillar of Digi's strategy, embedded in the way the company works and the standards it expects from its supply chain. The company's responsible business framework is anchored on its "Yellow Heart" brand aspirations: to raise standards across its operations and supply chain, and to partner effectively to build skills and resilience for an accelerated digital future.

The Board continues to push for Digi to maintain its responsible business leadership among corporates in Malaysia. In 2021, Digi improved its MSCI environmental, social and governance (ESG) rating from 'A' to 'AA', and the company is well on track to achieving its ambition to be among the best performing companies in Malaysia on sustainable business standards and ESG practices.

Digi continues to maintain the highest standards of ethics and integrity in its business conduct. Initiatives include developing a future-ready workforce, safeguarding the health, safety and wellbeing of its people and partners, being environmentally responsible in its operations, protecting the privacy of its customers, and reducing inequalities for society.



Read more about how Responsible Business is embedded in the way Digi creates value in **pages 57 to 81**.



How has Digi strengthened its diversity commitment?



Diversity and inclusion is a key agenda in Digi's people strategy. The company firmly believes that a diverse workforce across all levels of the organisation with a variety of perspectives is a strength, to better serve its diverse customer base. The Board is pleased that Digi continues to be recognised as a leader in this respect, with its second-year inclusion in the global Bloomberg Gender Equality Index (GEI) 2022. Digi is one of only three Malaysian companies on the index. Digi also signed the UN Women's Empowerment Principles and became a member of 30% Club, attesting to its commitment in advocating diversity and inclusion initiatives.



Read more about the value Digi created with its Human Capital on **pages 62 to 66**, and its governance focus in Section 5 of this report.



What is Digi's outlook for 2022?



Accelerated digitalisation will continue to fuel demand for connectivity and digital infrastructure, and the telecommunications sector will continue to evolve rapidly, with significant new opportunities enabled through 5G, artificial intelligence (AI) and internet of things (IoT). At the time of writing, the mobile telecommunications industry eagerly anticipates the Malaysian government's policy decision on the implementation of 5G. Digi continues to support the MyDigital initiative and believe that 5G networks are a critical infrastructure to enable the advancement of the digital economy in Malaysia.

Looking ahead, we aspire to create even more value for the business. The proposed merger with Celcom Axiata Berhad aims to create a leading telecommunications service provider in Malaysia. The new company will have the capabilities to provide better network quality and coverage and have greater scale to invest, drive new digital solutions, catalyse new growth opportunities for large enterprises and SMEs, and attract and partner global digital giants. It will also leverage economies of scale to realise efficiencies from operations, while strengthening core distribution and delivering improved network operations.

We are confident that Digi's strategic focus on growth and modernisation, and our agile way of work will enable the company to seize opportunities. All Digizens, from the Boardroom to our stores, will work together to deliver our ambitions. We will be led by our purpose of Connecting Customers to What Matters Most, execute a focused strategy to make Digi more digital, efficient, and customer centric, as well as do our part to build a truly inclusive and resilient digital society in Malaysia.

The Board is confident we have the appropriate balance of knowledge, skills, experience, and independence to drive the company's agenda and govern effectively. The recent appointments of Datuk Iain John Lo as Independent Non-Executive Director has further strengthened the Board. We also extend our heartfelt gratitude to Tan Sri Saw Choo Boon, for his decade-long dedication and guidance, and to Randi Wiese Heirung for her valued contributions to the Board.

On behalf of the Board, I wish to express my appreciation to the Management team and all Digizens for their collective contribution to Digi's resilient performance in a year challenged by Covid-19. I would also like to thank our business partners, shareholders, and stakeholders for their ongoing engagement and support, as we continue to navigate the impact of the pandemic.

In view of Covid-19, we will continue to engage with shareholders virtually in 2022, to prioritise your safety. Please see details outlined in our Notice to the 25th Annual General Meeting (AGM). We look forward to sharing more on our business at the AGM on 13 May 2022.

Chief Executive Officer's Statement

“

Resilience and inspiration have been central tenets that have underpinned 2021 for us. We continue to draw inspiration from our customers, who are the lifeblood of our business, recognising that we play a crucial role in enabling them to make real, positive impact - big and small - in the world today.

”

Albern Murty

Chief Executive Officer



2021 was a year of resilience and inspiration for Digi. In a year of prolonged movement restrictions, macroeconomic and competitive challenges, and mostly a pandemic that continued to affect lives and livelihoods, Digizens and partners rallied to adapt to conditions and delivered a steady performance, while being committed in driving society's recovery from the effects of Covid-19, as well as the devastating floods that hit many parts of the country in the later part of the year.

In 2021, Digi stayed focused on executing our business strategy and delivering on our purpose of Connecting Customers to What Matters Most. We invested in ensuring the quality and availability of our network services, aligned with the government's JENDELA plans. We continued to deliver value from winning products and services to consumer and business customers. We have put in place a strategic transformation plan to guide the next phase of the company's journey. And we are building a solid platform to advance our ESG goals.

We continue to invest strategically to deliver to the expectations of our consumer and business segments, capture new growth opportunities, scale our business, drive modernisation and efficiencies in our operations, safeguard people and planet, and support the nation's recovery from the pandemic.

Resilience and inspiration have been central tenets that have underpinned 2021 for us. As CEO, I am immensely proud of how all Digizens have come together to support each other in these challenging times.

Chief Executive Officer's Statement



How would you characterise Digi's performance in FY2021?



Digi delivered a well-fought performance in FY2021, achieving full-year results in line with our financial guidance. We prioritised network and digitalisation initiatives in the year to further improve customer experience and develop our core segments. We also stepped up initiatives to run our technology and business operations efficiently, while continuing to invest in the right areas to execute well on our growth and modernisation agenda. These resulted in steady earnings for the company and healthy returns to shareholders.



How did Digi navigate through the year to deliver value and growth?



We set out our three-year strategy roadmap at the start of 2021, anchored on our purpose to empower societies and connect customers to what matters most.

The surge in demand for connectivity and digital services supported our ambition to modernise and strengthen our network and operations, as well as to grow revenues in Postpaid, Fixed, and Business segments during the year. This accelerated shift to digitalisation also put a spotlight on the society's increased use of digital technology and tools: this fueled our commitment to continue on our *Yellow Heart* programme to advance safer internet awareness, advocating data privacy, partnering to build skills for a better digital future, and promoting digital inclusion by enabling easier access to our services for all Malaysians across the country.



What can we expect from Digi in the coming year?



While overall macroeconomic challenges will remain intense, we are encouraged to see some signs of recovery from the pandemic and a clear plan from the government for the safe normalisation of business activities, easing of broader Covid-19 related restrictions, and the impending opening of international borders, all driven by an exemplary execution of our national immunisation programme and the gallant efforts of our frontliners.

We have confidence that Digi will deliver a robust 2022, underpinned by sharp execution of our strategic priorities. We see Postpaid, Fibre, and Business as our key growth drivers, and will continue to bring best-value product propositions and innovative digital solutions to the market. Our business modernisation journey is progressing well, with critical IT transformation projects in the pipeline to enhance digital experience for our customers, and boost organisational capabilities. We continue to work closely with the Malaysian Communications and Multimedia Commission (MCMC), including on Universal Service Provision (USP) initiatives, which will strengthen our ability to provide high-quality and affordable digital connectivity to communities in rural and remote areas.



More details on Digi's financial review by our Chief Financial Officer in **pages 14 to 20**, and how we created value from our Financial Capital on **pages 50 to 53**.



More on our 2021 strategy progress and achievements are detailed out in the Our Strategy section of this report on **pages 44 to 47**, and how we created value across our six capitals on **pages 50 to 81**.

Chief Executive Officer's Statement

In parallel, the proposed merger of Celcom Axiata Berhad and Digi Telecommunications Sdn. Bhd. announced last year is proceeding as planned at this time of writing. We look forward to the exciting prospect of creating a Malaysian market leader through the proven capabilities of the two established operating companies and the strength of two international telecom leaders Axiata and Telenor. This underpins a shared vision to create value through product and market innovation and high-quality data connectivity to all Malaysian consumers and businesses, to power the nation's digital ambitions in the years to come.

5G networks are among the critical infrastructure in the development of this digital ambition. We are committed to supporting the government's MyDigital initiative and look forward to working closely with the government in charting Malaysia's 5G deployment.

Underlying all these ambitions is the trusted Digi brand, built on a responsible business impulse to include, advance, and safeguard society. We continue to draw inspiration from our customers, who are the lifeblood of our business, recognising that we play a crucial role in enabling them to make real, positive impact – big and small – in the world today.

On behalf of the Management team, I would like to thank all our customers and shareholders for your support and continued confidence in Digi during the last year. We also appreciate the engagement and collaboration with the MCMC and our industry colleagues in achieving many shared successes in the year. We are grateful to the Board for their leadership in guiding and governing Digi.

I would also like to take this opportunity to thank outgoing Chief Human Resource Officer, Elisabeth Stene for playing a pivotal role in driving Digi's People agenda through a most critical period. Best wishes from us as she heads home to Norway for another opportunity within the Telenor Group.

We want to also thank all our dedicated Digizens who have been working tirelessly to deliver reliable network services and support our customers throughout the various phases of movement control orders last year.

Lastly, we express our appreciation to Malaysia's first responders, enforcement agencies, and government authorities working determinedly to keep society safe and lead us on the path of recovery in 2022.

Chief Financial Officer's Statement

2021 was undoubtedly a challenging year with the nation focusing on rebuilding growth momentum and staying connected while people were working or studying from home. As we entered the second year of the Covid-19 pandemic, Digi remained focused on keeping customers, businesses and stakeholders connected while continuing to strengthen our operations and financial performance.

In this context, we are proud of our 2021 results. One of the things that has warmed me since I joined Digi in August 2021 was the relentless commitment and dedication of all my colleagues, as well as the entire telecommunications industry and public officials in weathering the challenges brought upon us by the ongoing pandemic.

In this environment, I am so proud of how our shareholders have supported us and how Digi has succeeded not only to continue to operate efficiently and deliver strong results, but also how we continued to invest in our leading network and improve coverage all around the country.

All this would not have been possible without the consistent commitment over time to the principles of disciplined capital management, both in allocating capital to our value creating initiatives, as well as in the distribution of attractive returns to our shareholders.



I am proud of how our shareholders have supported us and how Digi has succeeded not only to continue to operate efficiently and deliver strong results, but also how we continued to invest in our leading network and improve coverage all around the country.



Otto Magne Risbakk
Chief Financial Officer



Chief Financial Officer's Statement



How did Digi perform financially compared to FY2020?



In FY2021, we delivered steady financial results within guidance amidst a challenging and unprecedented operating environment. The impact of volatile macroeconomic conditions on consumer confidence and business spend were partly mitigated by relevant government support initiatives, some of which also supported our sector.

Although financial results declined marginally, we saw encouraging improvements in key revenue segments and continued improvements in operational efficiency. While total service revenue declined by 1.6%, we succeeded in building a strong momentum in our Postpaid, Fibre, and Business segments. We added approximately 253,000 new Postpaid customers to reach 3.3 million subscribers. In the fourth quarter of 2021, the Postpaid segment revenue was higher than the Prepaid revenue for the first time in FY2021. Nevertheless, we made significant progress in attracting higher quality Malaysian Prepaid subscribers. We also grew our Fibre subscriber base to approximately 13,000 customers in its first full year. Our Business segment realised a 4.8% revenue growth from large enterprises seeking advanced managed solutions and SMEs seeking to digitalise their businesses. All in all, total revenue upped 3.0% to RM6,336 million, as handset sales increased to support our growing Postpaid business, offsetting the decline in service revenue.

In line with the growth in our device and digital business, our costs of goods sold (COGS) of RM1,754 million was 14.0% higher. On the operating expenditure (OPEX) front, we have also recorded a modest increase of 2.5% mainly driven by 4G network coverage expansion and site upgrade works to deliver improved network experience for our customers. OPEX-to-service-revenue ratio remained healthy at 29.5%, highlighting our prudent cost management and efficient operations.

Despite the prolonged movement restrictions in Malaysia, we were able to minimise bad debt risks and improve collections. These were achieved by focusing on effective customer acquisition mechanisms and digitalising payment methods. As a result, we recorded a low expected credit loss (ECL) of RM55 million as compared to RM82 million a year ago.

For the full 2021 year, earnings before interest, tax, depreciation and amortisations (EBITDA) reached RM3,009 million, a decline of 2.3%. The EBITDA margin was 47.5%, down from 50.0% in 2020. However, the underlying operating 2021 EBITDA margin was similar to 2020 excluding handset sales.

Our conservative balance sheet and low gearing again secured a high EBITDA to profit after tax (PAT) conversion. PAT for 2021 reached RM1,162 million, a decline of 4.8% due to flow through from EBITDA, higher depreciation charges mainly caused by our 3G network shutdown and a small increase in finance costs. Despite the minor decline, our PAT margin remains among the best in the industry.

Supported by a strong balance sheet and low gearing, we were able to comfortably maintain the near 100% dividend payout ratio, distributing RM1,158 million in dividends to our shareholders.

Building on the execution momentum in 2021, we entered 2022 full of confidence, with a stronger and more resilient customer base, a well-invested and modernised asset base, and a solid capital structure.

Q

How did macroeconomic and Covid-19 challenges impact Digi in terms of its financial decisions?

A

The macroeconomic impact of Covid-19 has impacted Digi in many different ways, both directly and indirectly. As a provider of critical communication and connectivity services to consumers as well as business customers, our purpose of empowering societies and connecting people to what matters most has never been more relevant.

Our customers have relied heavily on our services during the various phases of movement restrictions caused by Covid-19, for example students following classes and taking exams from home, employees working remotely, families keeping contact with their loved ones, businesses moving sales and services online, and so on. The change in consumer patterns and the increase of data traffic required a swift response from Digi.

To meet the needs of all our customers and to ensure customers and society continued to work seamlessly and stay safe, we had to make internal decision processes faster, accelerate digitalisation of internal processes, and increase investments in network capacity and quality to meet data traffic growth of 22%. I am proud to say that we succeeded well in this endeavor. Not only did we manage to keep all our customers connected, we also managed to deliver record-high internet speed and solidify our position as the fastest and most consistent network in Malaysia, as recognised by external benchmark. I am impressed by the excellent work done by all Digizens and grateful for the support we received from the Board to reprioritise and accelerate investments during this difficult time.

After almost two years of pandemic, society is gradually adapting and living alongside with Covid-19. However, certain effects of the pandemic persist, and the economic outlook for our markets remain clouded. Malaysia has closed its borders for the past two years. The extended closure and movement restrictions have decreased consumer and business spending, negatively affecting demand, and lowering roaming revenue.

It is difficult to predict when the effects of the Covid-19 pandemic will start abating. We are hopeful for a gradual recovery in 2022, but with all the investments and learnings we have made in the last two years, we are also prepared for a prolonged impact.

Data traffic growth

22%

Chief Financial Officer's Statement



How has Digi progressed in delivering on its environmental, social and governance (ESG) aspiration and plans?



Responsible business is one of three key pillars of our strategy, and ESG is a fundamental part of this. We are proud of our contributions and recognitions in this important area – we are member of FTSE4Good Bursa Malaysia Index with ESG score of 3.8, Sustainalytics' ESG risk rating of 18th percentile, which is one of the highest of in the region, and we have been part of CDP's voluntary environmental disclosure of carbon reporting since 2009 via Telenor Group, and more.

Nevertheless, there is much more to do in the years to come in cooperation with the industry and authorities, both locally and on an international level. We fundamentally believe that business and ESG targets are complementary and not contrasting. Fortunately, we are not alone in this battle. We enjoy strong support from our Board and our investors are increasingly placing ESG as a key investment criteria.

A key element of ESG is climate. We take an active approach in addressing climate change and are working closely with the industry, government, environmental agencies, and partners towards achieving a net zero greenhouse gas emissions by 2050, in line with the Paris Agreement. While challenges remain in large scale CO₂ reductions due to our dependency on the national grid, we will continue to strengthen our governance and reporting mechanisms while exploring new technologies and solutions.

Digi also invested significant human and financial capital to support our ESG agenda. We have participated in public, industry and private forums, and supported many local initiatives. For example, through our partnership with Astro on the #KamiCareMBiz programme, we offered RM500,000 worth of digital solutions and mobile plans to help local micro and small business owners go digital. We had also pledged RM1 million to GDRN (GLC/GLIC Disaster Response Network), disbursing the remaining RM750,000 in 2021, via Mercy Malaysia to support Covid-19 relief efforts.



FTSE4Good

FTSE4Good Bursa Malaysia Index (2021/22) ESG indices score of

3.8

#KamiCareMBiz partnership

RM500,000

worth of digital solutions and mobile plans provided to help local micro and small business owners go digital



SUSTAINALYTICS

ESG risk rating of

18th percentile

one of the highest for the region

GDRN Covid-19 relief efforts

RM750,000

disbursed in 2021, part of RM1 million pledged in 2020

Chief Financial Officer's Statement

Q

How did Digi manage its capital in FY2021?

A

Capital allocation and maintaining a strong and flexible capital structure are key priorities for Digi. Our capital allocation policy is firmly based on stringent criteria for value creation, guided by our three strategic pillars of pursuing growth, modernisation and responsible business. Thanks to the solid performance and strong balance sheet, Digi could continue its investment strategy despite the pandemic.

In 2021, we continued our targeted CAPEX and OPEX investments to maintain our leading position in terms of network quality, operational efficiency and ESG. For both CAPEX and OPEX investments, we would always prioritise investments that support customer needs, followed by initiatives to support modernisation and digitalisation. Most of our RM815 million CAPEX in 2021 was spent to enhance our 4G network, catering for the increase in data consumption (more than 20GB per user, up 8.9% versus 2020) and delivering 100% of our JENDELA commitments.

Our industry-leading OPEX-to-Sales ratio of 24.8% in 2021 as well as external recognitions for having the fastest and most consistent network in Malaysia are testimonies of our persistent investment in network quality, modernisation, and digitalisation.

RM815 million

Majority CAPEX in 2021 spent to enhance 4G network

8.9% growth

in monthly average data consumption per user

Q

How was Digi's financial strength in meeting its financial obligation?

A

In 2021, Digi realised an EBITDA margin of 47.5% and a PAT margin of 18.3%. Operational cash flow reached RM2,606 million with a margin of 41.1%. The financial gearing as expressed by net interest bearing debt divided by EBITDA was at 1.6x. As at the end of 2021, Digi had a net interest bearing debt of RM2,500 million and available undrawn debt facilities of RM4,925 million.

Our total asset in 2021 stood at RM7,840 million. We maintained a healthy return-on-total assets of 14.8%. Our strength in financial position enabled us to maintain the Sukuk rating of AAA/P1 with stable outlook by RAM Rating Service amidst these challenging times, supported by strong cash flow.

Thanks to our solid and consistent profitability, a strong balance sheet and low gearing, Digi benefits from a low cost of capital, high financial flexibility, the ability to sustain a generous dividend payout ratio to our shareholders, and ample flexibility to fund future investment and growth opportunities.

Total asset in 2021

RM7,840 million

Chief Financial Officer's Statement



What is the guidance for FY2022?



By strengthening our offerings in core and near-core connectivity solutions within Postpaid, Fibre, and Business segments, we aim to return to service revenue growth in 2022, and expect the decline of the Prepaid segment to abate further.

On the cost side, we will continue our efforts to modernise and digitalise customer touchpoints and operational processes. The focus on modernisation will also require continued investments to sustain network leadership and drive digital capabilities. We will therefore maintain 2022 CAPEX around FY2021 level, focusing on disciplined capital and resource allocation, and also deliver EBITDA at around FY2021 level alongside higher cost pressure.

We also aspire to further raise our responsible business standards including ESG, which we are already leading the industry, as recognised by external awards and benchmarks.

In summary, our 2022 guidance is as follows:

2022 Guidance

Service Revenue	Return to growth
EBITDA	Around FY2021 level: ~RM3,000 million
Capex-to-total revenue ratio	Around FY2021 level: 12% - 13%



What can shareholders expect in FY2022?



Digi entered 2022 with confidence. The performance in core Postpaid, Fibre, and Business segments improved and the decline of the Prepaid subscriber base after the exit of the high-churn low-end of the migrant segment was substantially reduced. Assets are well invested, the capital structure is conservative with significant flexibility and the cost base and profitability remains among the best in the industry. Although competition in Malaysia is strong, we believe that Digi is well placed to maintain its steady financial performance and continue to offer attractive shareholder returns from a resilient business model, a prudent capital allocation methodology, and a careful financial management practice.

Quarterly Financial Performance

RM Million	First Quarter			Second Quarter			Third Quarter			Fourth Quarter		
	FY19	FY20	FY21	FY19	FY20	FY21	FY19	FY20	FY21	FY19	FY20	FY21
KEY HIGHLIGHTS												
Revenue	1,509	1,560	1,550	1,549	1,452	1,618	1,562	1,580	1,584	1,678	1,561	1,584
Service revenue	1,393	1,387	1,337	1,402	1,317	1,340	1,413	1,374	1,343	1,436	1,350	1,321
Earnings before interest, taxes, depreciation and amortisation (EBITDA) ¹	805	756	738	850	770	743	837	788	788	819	766	740
Normalised EBITDA	804	756	743	803	744	744	820	743	766	795	757	740
Profit before taxes (PBT)	453	435	359	490	377	373	490	433	418	459	377	365
Profit after taxes (PAT)	342	332	265	392	288	280	358	321	313	341	280	304
Normalised PAT	341	331	270	323	291	287	326	268	295	318	285	253
Profit attributable to equity holders of the Company	342	332	265	392	288	280	358	321	313	341	280	304
Earnings per share - basic (sen)	4.4	4.3	3.4	5.0	3.7	3.6	4.6	4.1	4.0	4.4	3.6	3.9
Dividends per share (sen)	4.3	4.2	3.4	5.0	3.7	3.6	4.5	4.1	4.0	4.4	3.6	3.9

5-Year Financial Summary

RM Million	2017	2018	2019	2020	2021
KEY FINANCIAL RESULTS					
Revenue	6,340	6,527	6,298	6,153	6,336
Telecommunication revenue					
- Service revenue	5,969	5,827	5,644	5,428	5,341
- Others	65	75	87	84	95
- Sales of device	306	625	567	641	900
EBITDA ¹	2,886	3,033	3,311	3,080	3,009
Earnings before interest and taxes (EBIT)	2,100	2,229	2,113	1,805	1,729
Interest cost	132	130	246	253	210
PBT	1,985	2,080	1,892	1,622	1,515
PAT	1,477	1,541	1,433	1,221	1,162
Organic capital expenditure (Capex)	1,345	818	751	720	803
Operations (ops) cash-flow	2,577	2,176	2,062	2,432	2,606
KEY FINANCIAL POSITIONS					
Total assets	5,834	6,206	8,149	8,187	7,840
Non-current liabilities	3,033	2,838	4,732	5,067	4,275
Total debts	2,704	2,694	5,150	5,452	4,960
- Conventional borrowing	1,292	1,293	780	555	333
- Islamic borrowing	1,391	1,393	2,322	2,316	2,168
- Lease liabilities	21	8	2,048	2,581	2,459
Shareholders' equity	519	673	660	606	633
KEY FINANCIAL RATIOS³					
Return on equity	285%	229%	217%	201%	184%
Return on total assets	25%	25%	18%	15%	15%
EBITDA margin	46%	46%	53%	50%	47%
Net debt/EBITDA (x)	0.7	0.7	1.4	1.7	1.6
Interest cover (x)	15.9	17.1	8.6	7.1	8.2
SHARE INFORMATION					
Earnings per share (sen)	19.0	19.8	18.4	15.7	14.9
Dividend per share (sen)	18.8	19.6	18.2	15.6	14.9
Net assets per share (sen)	6.7	8.7	8.5	7.8	8.1
Dividend yield	3.7%	4.4%	4.1%	3.8%	3.4%²

Notes:

• 2019, 2020 and 2021 Financial Information are based on post-MFRS 16

1 EBITDA excludes the gain or loss on:

- disposal and write-off of property, plant and equipment
- disposal and write-off of intangible assets
- termination of lease

2 Yield calculated based on the closing price of RM4.36 as at 31 December 2021

3 Key financial ratios prior to 2019 are calculated based on MFRS 15



GROWTH

Fuelled by new market opportunities and segments

We aim to sustainably grow consumer and lead organic B2B revenue growth, as part of our strategic priorities to create long-term value for the company and for all our stakeholders.





**Low
double-digit**

growth in Postpaid and Fixed subscribers (vs FY2020)

**Low to mid
double-digit**

growth in B2B revenue (vs FY2020)

**#1 Most
consistent
network**

(maintain 2020 position)

Our Business Model

We aim to create value for our stakeholders in a sustainable manner. We strive to align our business objectives to stakeholder needs, and deliver our strategy against business opportunities and risks, backed by our robust corporate governance to deliver value. Further details on the value we created and the impacts to Digi are available in Section 4 to 5 of this report.



OUTCOMES

Our competitive advantage

lies in the quality of our network and infrastructure, innovative product and service offerings, strong distribution channels and procurement system, proven track record in driving operational efficiency, strength of our trusted brand, and resilience of our people.

Our performance indicators



Revenue growth

Brand preference



OPEX

EBITDA

CAPEX-to-total revenue



ESG rating and SDG contribution

Employees' learning hours

Cyber security training

- Total revenue up by **3.0%** to **RM6.34 billion**
- EBITDA margin at **47.5%**
- ~**100% dividend** payout ratio
- Credit ratings of **AAA/Stable/P1**

- Serving **10.3 million** customers
- Sustained position as Malaysia's **fastest** and **most consistent** network
- Delivered **JENDELA commitments**
- **Scaled core** and **near-core** connectivity offerings

- **Strongest brand** in Malaysia (*ranked by Brand Finance, 2021*)
- Sustained **leadership ranking** in ESG²
- **Implemented secure** and **sustainable** business conduct
- **Modernised** processes and **innovated** ways of work
- Launched **innovative offerings** to cater to wider segments of customers

² Polled by independent Brand Health Survey provider

- **5%** increase in CO₂ emissions in parallel with aggressive network roll-out
- Reduced Carbon Intensity per Data Usage by **13.7%**
- Structural reinforcements of network sites in response to physical climate risks (e.g. floods)

- **Average 52.6 learning hours** per employee
- **45% women in leadership** positions
- **87% employees believed their well-being** was prioritised during the Covid-19 pandemic (*Digi's 2021 Pulse Survey*)
- **0 Lost Time Injury Frequency (LTIF)** and **0 fatalities**

- **> RM1.5 million** contributed to Covid-19 Response and Recovery efforts
- **RM500,000 aid** pledged for flood relief and recovery efforts
- Supported medical frontliners by **providing devices** and **connectivity plans** for contact tracing
- **Accelerated businesses and SME digitalisation** via the PENJANA grant
- Received the **BCMS ISO 22301:2019 certification**

Our Operating Landscape

In 2021, Malaysia, like many other countries in the world, continued to weather the impact of the Covid-19 pandemic. Disruptions caused by the pandemic led to increased inequalities and mobility constraints, which further underscored the critical role and services of telecommunications companies. To address both the challenges and opportunities, Digi focused on redirecting our network resources and services to support our customers and businesses.

Legend



Financial Capital



Manufactured Capital



Intellectual Capital



Natural Capital



Human Capital



Social and Relationship Capital

1 Macroeconomic

- Malaysia's gross domestic product (GDP) grew 3% to 4% in 2021, as a result of nationwide recovery efforts to mitigate the impact of the pandemic
- Acceleration of the National Covid-19 Immunisation Programme (PICK), an integral component of the National Recovery Plan (NRP) has enabled the economy to fully open with less movement restrictions in the fourth quarter of 2021
- Emergence of the Covid-19 Omicron variant impacted public health and consequently delayed economic recovery
- Vaccine and booster rollout, coupled with easing of travel restrictions increased consumer activities across all sectors, including the telecommunications sector
- High unemployment rate remained a concern alongside weaker consumer spend and affordability
- Accelerated digitalisation and innovation driven by remote working and online learning spurred demands for high quality network connectivity and digital services

Our Response

- Strengthened mobile offering and digital services for subscribers
- Supported society's recovery from Covid-19 and prioritised safety and well-being of employees and all stakeholders
- Increased spectrum efficiency via the new 4G integration and maintained network stability and consistency

Looking Ahead 2022

- Malaysia's GDP is expected to strengthen between 5.5% and 6.5% due to high vaccination rates and various stimulus and assistance packages to support the people and revitalise the economy
- The acceleration of the National Covid-19 Immunisation Programme enabled next phase adoption in the National Recovery Plan (NRP) for border reopening and endemic transition
- Continue working with the government and industry on advancing technology adoption among customers and businesses leveraging potential of 5G, artificial intelligence (AI) and internet of things (IoT)
- Continue serving consumers with consistent network experience and B2B solutions to drive business growth
- Global geopolitical tensions resulting in rising commodity prices, inflation and possible supply chain disruptions are emerging risks to be monitored

Capitals



Our Operating Landscape

2 Competition and Industry Developments

- Prepaid average revenue per user (ARPU) declined in 2021, as movement control orders (MCO) and economic uncertainty raised concerns with consumers and businesses
- Mobile operators extended coverage and capacity to address a surge in data consumption
- Increase in the volume of data traffic and growing demand for data localisation led to investments in new data centres
- Broader economic pressures dampened consumer spending
- Prolonged border closures led to continued shortfall in migrant and tourist segments
- Decreased in-store traffic due to various MCO

Our Response

- Improved blended ARPU from shift in acquisition mix and contracting efforts through Digi's refreshed Postpaid portfolio
- Introduced bundling add-on deals focused on affordable high-speed internet plans
- Drove data monetisation among the youth and Bottom 40% (B40) segment
- Delivered attractive value-added services on our secure 4G LTE and LTE-A networks
- Enhanced digital channels on app and web, and direct partnership connections increased digital adoption
- Prudent cost management and continued modernisation efforts improved efficiency and maintained profitability

Looking Ahead 2022

- Shift in customer behaviour driving increased need for home connectivity and digital services
- Continue expansion of 4G coverage and optimising service quality in line with the JENDELA and MyDIGITAL initiatives
- Leverage leading network position to maintain market share and grow new adjacent services

Capitals



3 Emerging Regulatory Requirements

- The new Mandatory Standards for Quality of Service (MSQoS) announced by the Malaysian Communications and Multimedia Commission (MCMC) took effect on 1 August 2021
- The government's MyDIGITAL initiative designed to drive the country's digital economy by 2030
- Covid-19 National Recovery Plan (NRP) and developing policy framework on 5G
- Malaysian Code on Corporate Governance (MCCG) updated to enhance corporate governance and practices

Our Response

- Implemented corporate governance framework that provides for prudent management and oversight of Digi, protecting the interest of all relevant stakeholders
- Maintained open and proactive engagements with various regulators and authorities in line with the 5G roll-out blueprint
- Embedded regulatory compliance in business culture, planning and decision-making framework
- Conducted compliance training

Looking Ahead 2022

- Government to provide RM700 million to continue digital connectivity efforts in 47 industrial areas and 630 schools, especially those in rural areas
- Government to allocate RM30 million to provide internet facilities in 40 existing People's Housing Programme (PPR)
- In 2022, 5G services to cover 36% of high-density areas in Johor, Selangor, Penang, Sabah and Sarawak

Capitals



Our Operating Landscape

4 Technology

- 5G network commercial launch in selected areas within Kuala Lumpur, Putrajaya and Cyberjaya, with the objective of achieving 80% nationwide population coverage by 2024
- Industry joint effort to retire the 3G network nationwide in line with JENDELA initiative
- JENDELA Phase 1 tender to construct 1,661 new sites (potentially worth RM4.6 billion) to expand 4G coverage across unreached areas accomplished in October 2021
- Rising cyber security and data protection concerns across industry
- Digitalising SMEs and co-developing solutions with large corporations and partners

Our Response

- Supported the government's implementation of 5G network as critical national infrastructure
- Collaborated with industry to advance digital access and adoption in Malaysia
- Conducted awareness campaigns on cyber security frauds and phishing scams
- Upskilled talents to embrace digital transformation strategies to meet rising demands and new opportunities from technological innovation

Looking Ahead 2022

- JENDELA Phase 1 is currently on track to reach its national targets of providing broadband services to 7.5 million premises, while achieving average mobile broadband speed of 35Mbps and 96.9% 4G coverage by the end of 2022
- MyDIGITAL and 5G implementation will accelerate Malaysia's progress as a technologically-advanced economy and enable a socioeconomic transformation with the creation of more digital jobs
- Continued remote working and online learning will elevate expectations for stable and high-speed network connectivity

Capitals



5 Social

- Sustained brand trust by demonstrating strong ESG performance and leadership
- Higher security protection for customers' personal data and our infrastructure
- More skills an accelerated digital future and 'Empowering Societies' programmes
- Priority in safeguarding the health and safety of our employees and partners, while respecting human rights standards
- Commitment to uphold highest standards of good governance across our value chain
- Continued focus to elevate diversity and inclusion (D&I) practices and strengthen a gender-inclusive workplace

Our Response

- Supported nation building activities by contributing aid to Covid-19 relief efforts via NGOs, continued free 1GB daily productivity data for customers, optimised network coverage and ramped up capacities at critical sites
- Achieved 100% vaccination rate for Digi's employees in retail
- Strengthened female leadership pipeline and gender diversity policies as evidenced by our inclusion in Bloomberg's 2021 Gender Equality Index (GEI)
- Continued advocacy of responsible business practices through our Yellow Heart brand promise, leveraging strategic partnerships to create long-term value

Looking Ahead 2022

- Spur connectivity and digital adoption by extending networks to rural areas, facilitating access to smartphones and providing affordable packages and digital services to bridge the digital divide
- Adopt multi-stakeholder approach to drive initiatives centred on digital inclusion and future skills learning

Capitals



Our Operating Landscape

6 Environment

- Climate risk has become an important global topic demanding for businesses to adapt and respond with strategies to reach net zero carbon economy
- The government has committed to reducing the intensity of greenhouse gas (GHG) emission across the economy by 45% based on GDP in 2030 and reach net zero by 2050 with new economic instruments such as a comprehensive national energy policy, carbon pricing and energy reforms
- Frequent flash floods have affected the livelihood of the community. In December 2021, the major flooding in eight states had displaced more than 125,000 people and affected more than 1,000 mobile towers and disrupted services in these areas

Our Response

- Drove emission reduction strategies with operational efficiencies, network modernisation, clean energy adoption and e-waste management
- Digi nominated as a steering committee member in CEO Action Network (CAN), a coalition of leaders with the purpose to shape policies and create a favourable ecosystem for sustainable development in Malaysia. Digi with CAN organised a telco sector CEO Roundtable dialogue on *Low Emissions Pathway for the Mobile Sector in Malaysia*
- Supported WWF-BCG in producing the *Securing Our Future: Net Zero Pathways for Malaysia Report*
- Completed the Climate Data Integrity exercise to inventorise Digi's carbon sources and to strengthen integrity of data collection and workflows
- Offered innovative digital solutions to help corporate and SME customers better manage their own carbon emissions

Looking Ahead 2022

- Following the UN Climate Change Summit in Glasgow, COP 26, climate change regulation will be enforced more tightly with a clear measurable goal
- Implement a phased approach to adopt the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) including identifying relevant climate-related risk scenarios
- Drive ESG performance and priorities while also improving ESG ratings
- Mitigate anticipated future physical climate risks such as extreme weather and floods by adapting solutions on network and tower sites

Capitals



Our Key Relationships

Stakeholder expectations are continuously evolving in line with shifting trends and consumer behaviours as well as new emerging opportunities and risks. Regular engagements with stakeholders are fundamental to how we operate. We believe that it is crucial to balance the corporate purpose with stakeholders' expectations. Our stakeholder engagement approach is aligned with Practice 12.1 of the MCGG.

In addition to ongoing engagements, we have performed a refreshed stakeholder engagement exercise to better understand their views on Digi's Sustainability management during the year. This year, we engaged with internal stakeholder groups comprising the Board of Directors, selected functional leads and employees. This was conducted with guidance from an external consultant and several engagement methods were used, including attaining feedback through qualitative and quantitative survey.

Legend - Frequency of Engagement

- D** Daily
- W** Weekly
- M** Monthly
- Q** Quarterly
- H** Half-yearly
- Y** Yearly

Summary of Engagement with Internal Stakeholders Groups



Board of Directors

Responsible as the company's top leadership, setting strategic aims, reviewing the management's performance to meet strategic objectives

Engagement Channels

- Annual General Meeting
- Quarterly Board meeting
- Board effectiveness evaluation
- Company events/ activities

Frequency of Engagement



Issues and Expectations

- Review financial and non-financial performance
- Oversight on ESG matters such as climate change, human rights, compliance, anti-corruption, welfare and well-being of stakeholders
- Customer's expectations and satisfaction scores

Our Response

- Engage on Digi's financial and non-financial performance, strategic growth plans, operational and talent management
- Ensure transparency in corporate reporting and disclosures through multiple platforms
- Strengthen communications and engagements with stakeholders
- Attend workshops on strategic plans and target-setting



Government and Regulators

Specify and set laws and regulations that apply to our scope of operations. This also includes access to spectrum and operating licenses and any financial implications with respect to national aspirations

Engagement Channels

- Regular reports and periodic information sharing with the Ministry and regulators
- Participate in JENDELA initiative and progress monitoring via the JENDELA Implementation Committee
- Company website
- Integrated Annual Report and Financial Report
- Yearly site audits and visits
- Analyst briefings

Frequency of Engagement



Issues and Expectations

- Coverage, service reliability and quality
- Achieve JENDELA targets
- Talent development
- Sustainability, climate action and environmental management
- Digi's efforts in data protection

Our Response

- Widespread digital adoption through affordable packages
- Jaringan Prihatin rebate
- Pakej Data Khas Belia
- Pakej Remaja dan Pakej Peranti Keluarga Malaysia
- Encourage 4G adoption through campaigns
- Programmes at Pusat Ekonomi Digital (PEDi) internet centres geared towards developing entrepreneurs
- CEO Action Network roundtables and dialogues with Ministries

Our Key Relationships

**Customers**

Subscribers of Digi's products and services, comprising both consumers and business customers

Engagement Channels

- In-person service: Digi retail stores, Digi representatives
- Self-serve: kiosks, MyDigi App, Digi Store Online
- Digital: Website and social media
- Customer service channels

Frequency of Engagement**Issues and Expectations**

- Coverage and service quality
- Billing disputes from third party content providers
- Notification during service lapses
- Competitive plan and price points
- Pace of 5G and IoT implementation
- Connectivity options and service offerings for customers
- Helping consumers and business customers recover and diversify

Our Response

- Social media and web platforms to engage customers
- Segmented offering that caters to a wide target base
- Offer fit-for-purpose solutions to maximise broadband connectivity
- Introduced 'Go Digital' with *PENJANA SME Digitalisation Grant*
- Conducted Business Continuity Digitalisation programme

**Employees**

Individuals employed under Digi

Engagement Channels

- Digi Telecommunications Sdn. Bhd. Employees Union (DGEU) and the Best On People Council (BOPC)
- Pulse survey
- Internal engagement channels
- Leadership forums
- Company events/activities
- Forums and seminars

Frequency of Engagement**Issues and Expectations**

- Business priorities and strategy execution
- Career development plans
- Rewards and benefits structure
- Employee engagement and enablement
- Diversity and inclusion (i.e. gender balance, skills and capabilities, and equal opportunities for all)
- Employee welfare and culture
- Company pursuit of ESG values (i.e. responses to climate change, human rights)
- Improve digital access and working/collaborative tools
- Impact of Covid-19

Our Response

- Both the Union and BOPC have regular meetings with Digi's Management team
- Regular check-ins, awareness and communication on employees' well-being and Yellow Heart initiatives
- Annual gender pay gap analysis
- Increased focus on health and safety of employees, in adherence to Covid-19 SOPs
- Training employees as dedicated Mental Health First Aiders

**Shareholders, Analysts and Investors**

Owners of the company, financial analysts, investor community and the provider of capital. Digi's responsibility to provide consistent communication and timely updates pertaining to financial and strategic developments

Engagement Channels

- Dedicated investor relations office as the focal point for investor updates
- Integrated Annual Report and sustainability performance reports
- Annual General Meeting
- Quarterly earnings calls
- Non-deal roadshows and investor conferences
- Digi Investor Relations website

Frequency of Engagement**Issues and Expectations**

- Business performance and outlook
- Growth strategies
- Ability to sustain shareholder returns and dividends
- Overall ESG performances and strategy
- Ongoing industry developments and corporate exercises
- Business continuity plan and robust operational recovery efforts
- Impact of Covid-19

Our Response

- Facilitate discussions on Digi's performances and outlook
- Provide timely and comprehensive disclosures
- Provide adequate access to Digi's Management Team

Our Key Relationships

Summary of Engagement with Internal Stakeholders Groups



Community, Sustainability Partners and Non-Governmental Organisations (NGO)

Partners who share the same aspirations to reduce inequalities and bridge the digital divide in communities

Engagement Channels

- Engage and partner with government agencies, corporates and NGOs to address issues within communities
- Global and local partnerships between Telenor Group, Digi and UNICEF

Frequency of Engagement



Issues and Expectations

- Leveraging mobile technologies and future skills learning to empower local communities
- Internet safety
- Digital gap and accessibility for underserved communities
- ESG matters (e.g. contribution to Sustainable Development Goals, human rights and climate action)

Our Response

- Global partnership with UNICEF on digital resilience and digital skills
- Initiatives to bridge the digital gap and inequalities through programmes conducted in partnership with NGOs and communities
- Supporting the nation through emergency relief and recovery efforts for Covid-19 and floods



Media

Mass communication organisations covering publication, broadcast and online mediums

Engagement Channels

- Strategic and operational media interviews and events
- Formal and informal briefings
- On-demand requests

Frequency of Engagement



Issues and Expectations

- Service reliability and quality
- Customer satisfaction
- Financial performance
- Emerging technologies and future skills to empower local communities
- Internet safety
- Digital divide
- ESG matters (e.g. contribution to Sustainable Development Goals, human rights and climate action)

Our Response

- Regular media engagements to provide updates on business performance and strategy, products and services, and address customers' concerns highlighted in the media



Suppliers and Business Partners

Businesses that have direct and non-direct contractual relationship that delivers business value to Digi, co-develop products and services for Digi's customers

Engagement Channels

- Exploratory meetings
- Tenders and commercial agreements or partnerships
- Regular check-in discussions
- Annual Self Assessment Questionnaire (SAQ)
- Site inspections and audits
- Supplier training
- Product presentations

Frequency of Engagement



Issues and Expectations

- Partnership and co-development
- Health and safety in supply chain
- Non-compliance in supply chain
- Integrity due diligence
- Green solution (including energy efficient infrastructure, e-waste management)
- Covid-19 impacts on supply chain
- Support the digitalisation of businesses

Our Response

- Training and capacity building sessions for our contractors and sub-contractors to raise standards on health and safety and responsible business practices
- Industry collaboration to strengthen enforcements in maintaining the highest standards of safety across our supply chain
- Integrity Hotline as a confidential channel to report concerns and raise questions

Our Key Risks

By adapting to market demands and keeping up with the accelerated pace of technological innovation, Digi continues to strengthen our ability to address emerging risks and to realise new opportunities. Our risk management framework allows us to identify, measure, monitor, and mitigate key risks to ensure Digi operates efficiently and continues to create value for our stakeholders.

OVERVIEW OF OUR RISK MANAGEMENT PROCESS

Digi's risk management framework and processes are aligned with ISO 31000 International Risk Management Standards. We adopt an integrated approach from identification, assessment, and holistic management of risks. Key risks identified are prioritised and managed within acceptable risk level. Top risk pictures and mitigation responses are reported to the Board and Audit and Risk Committee (ARC) quarterly to allow for highest level of accountability.

Further details of our Risk Management Framework are available in the Statement on Risk Management and Internal Control, pages 119 to 125 of this report.

RISK MOVEMENT

Digi regularly evaluates its operating landscape for latest changes to identify emerging risks that would affect our business. These are the key risks identified by Digi which have been subjected to regular scrutiny throughout 2021.

Key Risks & Descriptions

2021 Performance & Challenges

Mitigation Actions

Market and Competition Risk

Capitals



The impact of various phases of lockdown, prolonged economic recovery, and travel restrictions on consumer spending behaviours and consumption patterns.

Risk Movement in 2021
Unchanged

The outbreak of Covid-19 pandemic led to a surge in data consumption due to nationwide lockdowns and the norm of social distancing.

The operating landscape continued to be highly competitive in 2021 across mobile and fixed connectivity, and around opportunities from increasing digital adoption by consumers and businesses.

- Intensify acquisition and base management efforts to capture growth from digital and internet adoption
- Drive digital value proposition to grow B2B revenue and market shares
- Offer customers a broader range of services across in-house and partner offerings
- Provisioning of subsidies to consumers and SMEs through government-led initiatives such as *Jaringan Prihatin* and *PENJANA SME Digitalisation Grant*

Business Continuity Risk

Capitals



We are committed to providing high quality and consistent network services to our customers by ensuring the stability of all critical operations in retail centres, network and data centres, and supply chain.

Risk Movement in 2021
Unchanged

During the pandemic, business continuity measures were initiated to ensure uninterrupted operations across network, IT and our supply chain.

Digi has maintained network availability and stability despite increased internet demand and addressed critical needs during natural disasters in a timely manner.

- Redundancy strategies, contingencies and segregation of critical functions
- Alternate sites established for critical functions such as customer service, call centre, network operations and field force to ensure continuity of services
- Dynamic sourcing and supply chain management to ensure adequate and contingency supply

Our Key Risks

Key Risks & Descriptions

2021 Performance & Challenges

Mitigation Actions

Employees' Health and Safety Risk

Capitals 

Keeping our people safe is Digi's top priority as an employer. We aspire to create a safe, sustainable, and inclusive working environment for everyone.

Risk Movement in 2021
Unchanged

The overall risk related to Covid-19 remained high due to the emergence of new virus variants. As our employees progressively resumed working in the office, we continued to safeguard their safety and well-being, including enforcing strict safety controls for vendors and visitors at our office.

Other health and safety risks, including safety and hazard risks at operational sites, were also constantly being monitored and addressed.

- Actively encourage vaccination among employees
- Active monitoring on outbreak and tracking of employees' health. Implemented transition plan to resuming work in office based on Covid-19 situation
- Provide access to physical, mental health and wellbeing support to employees of all levels
- Ensure all employees have a safe place to work
- Reinforce commitment from employees to report potential incidents and accidents
- Promote advanced mindset and culture on health and safety for employees and business partners

Network Experience Risk

Capitals    

Digi maintains our commitment to provide the most consistent internet experience. We continue to prioritise investments in digitalisation and network modernisation to improve customer experience and support the roadmap set out in the MyDigital initiative.

Risk Movement in 2021
Decreased

Digi has delivered on our JENDELA commitments to provide wider coverage and better quality of service to all customers. We continued to provide improved internet experience to customers.

- Invest in competitive network and modernise our infrastructure to cater to areas with increasing demand
- Continuously redesign and review data traffic trend in remote areas to ensure consumers receive consistent internet experience

Our Key Risks

Key Risks & Descriptions

2021 Performance & Challenges

Mitigation Actions

Governance and Compliance Risk

Capitals



Digi is committed to ensuring our business operates ethically, lawfully and with the integrity for our long-term success. Non-compliance by Digi or business partners may result in reputational damage, financial penalties, or suspension of license to operate.

Risk Movement in 2021

Decreased

Digi complied with the latest regulatory requirements and ensured sound corporate governance practices in all our processes.

We have established a Governance Forum and a Governance, Risk and Compliance (GRC) Committee to strengthen existing governance structure and oversight.

- Constant evaluation of Digi's business strategy, new technologies, products and services as well as government policies and regulations to identify and manage emerging risks
- Dedicated resources for on-going compliance monitoring across our business value chain
- Ensure integrated governance and holistic business partners and vendor management procedures
- Implement Certification Accreditation for ISO 37001 Anti-Bribery Management System

Data Protection Risk

Capitals



Digi's customers share huge amount of data through our network which enables them to connect, communicate, and innovate. To remain as a trusted brand, we continue to be vigilant and take proactive initiatives to safeguard personal data of all our stakeholders.

Risk Movement in 2021

Unchanged

Digi continued to implement adequate measures to protect customers' personal data in view of growing data consumption, heightened awareness on data protection and interventions by regulatory bodies.

Digi has embarked on a comprehensive and structured privacy mapping programme to catalogue data inventory and flow. This will provide a holistic view on privacy related risks across Digi's value chain.

- Regular scrutiny and data protection impact assessment by dedicated privacy and security teams
- Establish Privacy Control Framework
- Strengthen customers' data protection and practice transparency in the way we collect and use their personal data

Cyber Security Risk

Capitals



Digi constantly evolves and adopts new technologies to serve our customers better. These rapid evolutions bring about many new and emerging threats, which may expose Digi to malicious cyber attacks by a range of threat actors.

Risk Movement in 2021




Decreased

Security defense architecture and controls have been strengthened to improve Digi's security posture in mitigating the threat of external cyber attacks, system abuse, and internal vulnerabilities.

Risks remained high due to remote working conditions and vulnerability of systems to potential data theft. Constant focus and prioritisation of investments were critical to ensure sustainable risk mitigation.

- Constant evaluation of our business strategy, new technologies, and processes to protect against cyber threats
- Improve detection and threat prevention through deployment of network security and defendable architecture with robust monitoring, awareness reiteration and up-to-date security training
- Implement identity and privileged access management tool to strengthen access control to critical systems
- Improve cyber security maturity governance to protect Digi against cyber risks

Our Key Risks

Key Risks & Descriptions	2021 Performance & Challenges	Mitigation Actions
Climate Risk Capitals 		
<p>Digi is committed to foster a culture of responsible business in all our activities. This risk relates to Digi's climate action commitment towards achieving net zero ambition.</p>	<p>As part of our commitment to operate ethically and sustainably, we have been increasing our understanding of climate-related risks and opportunities as well as embedding responses into our business strategy and operations.</p>	<ul style="list-style-type: none"> ➤ Improve Digi's sustainability framework to further enhance commitment in raising standards on responsible business conduct ➤ Maintain stakeholder engagement regarding our material sustainability matters ➤ On-going climate change and environment initiatives to minimise carbon footprint and mitigate climate risks ➤ Implement renewable energy and energy saving initiatives in network, and drive eco-practices in the workplace ➤ Adopt recommendations of TCFD in phases
<p>Risk Movement in 2021 <i>Unchanged</i></p>	<p>Non-fulfilment of Digi's responsible business commitments and new regulatory requirements on climate-related disclosures may lead to negative brand perception, loss of investors' confidence and financial penalties from enforcement agencies.</p>	
Talent and Succession Management Risk Capitals 		
<p>Employees are key to ensure Digi delivers on our strategy and purpose. We continue to invest in the right talent and skills for future growth and to accelerate our digital transformation.</p>	<p>As we evolve our operating model and execute our strategy, we have focused on developing diverse talent for the future and uplifting competencies through learning and development interventions.</p>	<ul style="list-style-type: none"> ➤ Strengthen employer branding and expand employee value proposition to attract high-performing and diverse talent ➤ Provide access to learning programmes on building critical skills and conduct regular career development reviews, to support employees' career growth ➤ Encourage structured leadership succession planning and continuous engagement efforts to retain talents and drive overall employee satisfaction
<p>Risk Movement in 2021 <i>Unchanged</i></p>	<p>The proposed merger between Digi and Celcom Axiata Berhad aims to create a company that will be a powerhouse of top digital, technical, and commercial talent, and become a leading employer in Malaysia.</p>	
Regulatory Risk Capitals 		
<p>Digi is subjected to regulations that govern the telecommunications industry, ranging from technical, to commercial and corporate frameworks that seek to develop the sector, protect consumers, and advance the country's digital ambitions.</p>	<p>Digi constantly engaged with regulators, key stakeholders, and industry to advocate for a sustainable regulatory framework and for fair and transparent policies that meet the long-term needs of the industry.</p>	<ul style="list-style-type: none"> ➤ Proactive dialogues with regulators to anticipate emerging regulatory changes, address concerns and views as an industry, and advocacy for a sustainable framework ➤ Collaborate with key stakeholders and industry players to participate in regulatory consultations and industry events ➤ Explore 5G opportunities with technology partners to bring cutting-edge digital experiences to our consumers
<p>Risk Movement in 2021 <i>Unchanged</i></p>		

Our Key Risks

Key Risks & Descriptions

2021 Performance & Challenges

Mitigation Actions

Merger Approval Risk

Capitals



The proposed merger between Digi and Celcom Axiata Berhad aims to create synergy, greater economy of scale, stronger resilience to competition while driving digitalisation and sustainable growth.

Related risks include non-completion if conditions are not fulfilled, and a potential prolonged approval process by regulators.

While the merger application process continues, we have maintained strong focus on our strategy and business-as-usual execution, and prioritised resources on key strategic initiatives.

Prolonged approval process may increase anxiety that could lead to added talent retention and recruitment risk due to the uncertainties.

- Proactive and continuous engagement with regulators, relevant authorities, and stakeholders
- Timely communications and engagements with employees to provide updates, assurance and to address uncertainties
- Proactive employee engagement and retention initiatives to keep Digizens focused on delivering on our strategic goals and secure the workforce to realise our long-term ambitions

Risk Movement in 2021

New Risk

Critical Systems Migration Risk

Capitals



Potential impact of prolonged service disruptions and adverse customer experience caused by possible outages from planned systems migration.

Various transformation projects have been scheduled for replacement as part of Digi's transformation journey. We have been working closely with stakeholders and partners to execute these major projects.

- Prepare comprehensive migration and crisis readiness plan
- Strengthen technical competency and end-to-end technical domain readiness for migration of critical areas
- Proactive engagement with internal stakeholders and partners to ensure commitment and crisis readiness
- Maintain open and constant communications with customers, as well as internal and external stakeholders

Risk Movement in 2021

New Risk

Our Material Matters

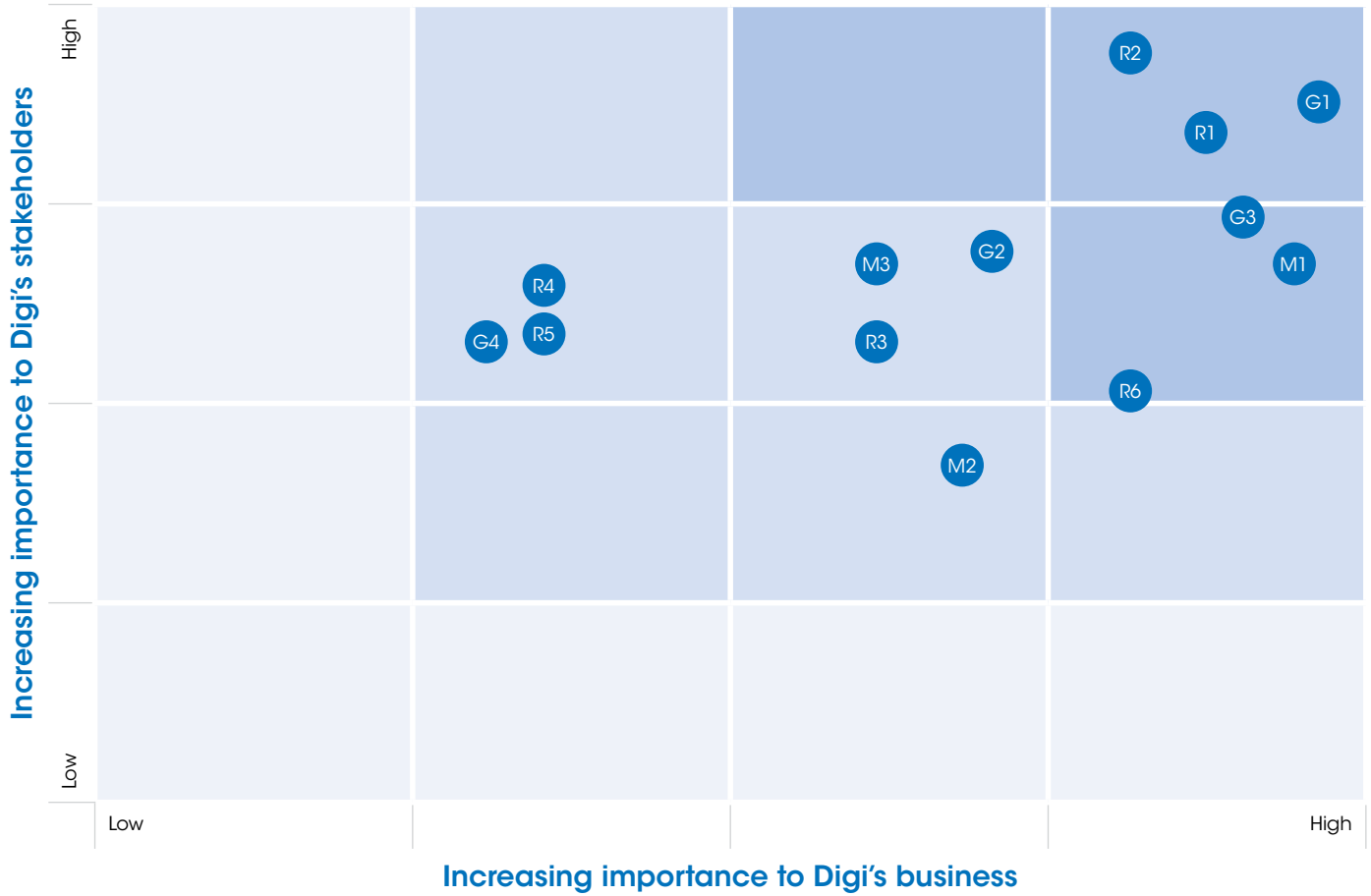
To ensure the relevance of our economic, environmental, social and governance risks, we undertook a refreshed materiality assessment in FY2021 to evaluate and assess their priorities. We conducted this year's assessment with the guidance of our risk management framework, along with Bursa Malaysia's Sustainability Reporting Guide (2nd Edition) and Bursa Malaysia's Toolkit, and have taken into consideration the views of internal stakeholders and business environment, weighted against Digi's strategic priorities.

The steps undertaken in our Materiality Assessment are as follows:



Our Material Matters

Digi Materiality Matrix (FY2021)



Legend

- G** Growth
- M** Modernisation
- R** Responsible Business
- =** Remain Unchanged
- ▲** Increased Importance

Material Sustainability matters	Description
High Importance	
R2 = Data Privacy and Security	Upholding strong governance to strengthen privacy controls and to protect stakeholders' data and information against cyber attacks.
R1 ▲ Business Ethics and Corporate Governance	Maintaining an effective governance framework and internal controls to uphold corporate values and ethical standards across our value chain.
G1 = Customer Satisfaction	Employing customer-centric solutions for a differentiated user experience in our highly competitive markets.

Our Material Matters

Material Sustainability matters		Description
M1 ▲	Occupational Health and Safety	Conducive environment that improves health and safety conditions for employees and contracted workers along the supply chain.
G3 ▲	Regulatory Compliance	Maintaining robust controls to meet the existing and emerging legislation and regulation.
Medium Importance		
G2 =	Service Reliability and Quality	Providing quality and consistent network experience to customers.
M2 ▲	Climate Change and Environmental Management	Protect the environment via transitioning towards a low carbon economy and employing effective waste management within the business operations.
R3 ▲	Digital Resilience and Inclusion	Enable greater access whilst nurturing safe internet skills to enhance digital inclusion and resilience among stakeholders.
R6 ▲	Supply Chain Management	Raising standards in our supply chain to positively influence social equality and environmental protection.
M3 ▲	Talent and Culture	Fostering an environment that attracts and retains high-performing talent while encouraging for continual development of digital competencies.
R4 =	Respecting Human Rights and Freedom of Expression	Upholding human rights by mitigating risk of potential abuse across our value chain and access to the right information.
R5 =	Crisis Management and Response	Well-prepared for crisis with a rapid and adequate response plan, whilst maintaining clear lines of reporting.
G4 =	Business Development and Expansion	Robust strategies to acquire and expand businesses and value creation to drive growth and profitability.

Based on the outcomes of the FY2021 materiality matrix, the top four material matters have remained as High Importance, namely: 'R2 Data Privacy and Security', 'G1 Customer Satisfaction', 'R1 Business Ethics and Corporate Governance', and 'G3 Regulatory Compliance'.

The importance of the following matters have increased significantly to both stakeholders and business views, as compared to last year.

- Material matter 'M1 Occupational Health and Safety' has increased in priority and included in the top five, replacing 'G2 Service Reliability and Quality' in FY2020. This is mainly due to the ongoing Covid-19 pandemic and increasing expectations for Digi to place greater emphasis on safeguarding health and safety
- Material matter 'R6 Supply Chain Management' has also increased to High Importance as there is more concern on suppliers addressing environmental and human rights risks within the supply chain
- Material matters 'M2 Climate Change and Environmental Management' and 'R4 Respecting Human Rights and Freedom of Expression' have also increased in importance compared to FY2020. There is intensifying pressure and urgency to address issues on climate change given Malaysia's national climate change aspirations towards net zero, and for businesses to enhance their human rights practices and its management throughout the value chain

Digi monitors all material matters and continuously evaluates its scopes and boundaries to ensure its relevance to our strategic priorities and changing business environment.

Our Emerging Opportunities

The new normal has underscored the integral role of connectivity in our daily lives. With the rise of remote working and online learning, demand for data connectivity continues to increase, while digitalisation is increasing among SMEs and large enterprises.

In addition to exciting growth opportunities in core connectivity areas, Digi also sees compelling opportunities to grow new revenue streams beyond connectivity. We look ahead to opportunities in security, fibre and B2B solutions, expanding our internal capabilities and partnerships to drive new services enabled by 5G, IoT and AI, while continuing our modernisation and digitalisation journey. As part of Digi's Responsible Business strategy, we see opportunities to drive standards on key issues for our industry, such as climate change, safeguarding data privacy and security, diversity and inclusion, human rights, sustainable supply chain management, ethics and compliance, health and safety, and building future skills and inclusive businesses to empower societies.

Digi will continue to capitalise on these opportunities and provide innovative offerings to consumers and business customers.

Legend

-  Financial Capital
-  Manufactured Capital
-  Intellectual Capital
-  Natural Capital
-  Human Capital
-  Social and Relationship Capital
-  Growth
-  Modernisation
-  Responsible Business

Increasing customer demand for converged connectivity solutions

- Meeting end-to-end home and on-the-move connectivity needs, coupled with personalised and converged offerings



Digi's Action Plan

- Provide personalised and best-value offerings across fixed and mobile connectivity to meet customer needs
- Selectively expand fibre-to-the-home and offices to ensure reliable connectivity for consumers and businesses
- Grow account revenue by layering add-on services

Our Emerging Opportunities

Accelerated digitalisation and automation

- Digital-first journeys; customers expect to interact and transact digitally with companies
- Digitalisation of SMEs and large enterprises (LEs) through development and provision of digital solutions beyond Digi's core connectivity business

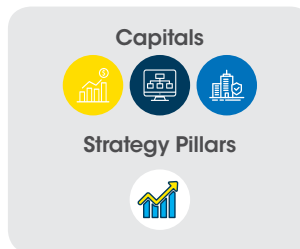


Digi's Action Plan

- Increase self-service capabilities for customers, and expand reach of services via direct connection with digital partners (e-commerce, e-wallets)
- Continue to support Malaysian SMEs and LEs with digitalisation and core connectivity options through affordable bundles
- Continue to expand Touch Free Operations for digitalisation and automation in IT and Network processes

Growth opportunities beyond connectivity

- New innovative digital services outside core connectivity areas (especially for LEs)

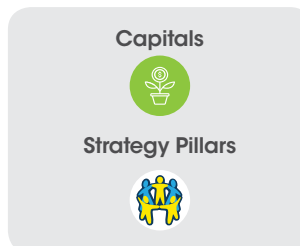


Digi's Action Plan

- Expand partnerships with LEs in selected verticals, technology players and system integrators to trial innovative solutions beyond connectivity and expand Digi's B2B solutions portfolio
- Further expand internal capabilities and partnerships to drive new business growth beyond connectivity

Combating climate change and its impacts

- Digi's commitment to carbon reduction strategies disclosures in accordance to global standards, and collaboration with the industry and partners to accelerate climate action through the use of digital technology



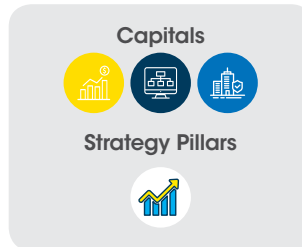
Digi's Action Plan

- Explore green energy alternatives and further leverage data-driven network planning
- Continue network modernisation and energy efficiency initiatives
- Set up high quality climate data reporting platform
- Strengthen climate governance by building internal capabilities and capacity
- Enhance business resilience over climate risks by adopting recommendations of TCFD in phases
- Expand partnerships and collaborative efforts on climate best practices

Our Emerging Opportunities

5G to open up new opportunities

- Drive revenue upside from enterprises and customers through innovative 5G offerings

**Digi's Action Plan**

- Offer new state-of-the-art technology platforms to enable 5G solutions and innovation for customers
- Enhance existing connectivity offerings with 5G to improve customer experience and drive revenue growth
- Continue to explore and build 5G, IoT and AI use cases with LEs and technology partners

Strengthening diversity and inclusion (D&I)

- Ensure fair and equal access to internet for all Malaysians while increasing digital inclusivity
- Champion diversity and inclusion practices in the workplace, community, and across the Industry

**Digi's Action Plan**

- Drive digital inclusion and resilience through the Future Skills For All and Safe Internet programmes at scale with partners
- Continue strengthening gender diversity in leadership while broadening the inclusion agenda, with a focus on pandemic-related support initiatives
- Strengthen D&I positioning and advocacy in corporate Malaysia, through partnerships with prestigious associations
- Leveraging D&I to attract the best talents

Raising supply chain management standards

Capacity building initiatives to influence and strengthen Digi's suppliers on:

- Human rights
- Green sourcing
- Health, Safety & Security (HS&S)

**Digi's Action Plan**

- Pre-emptively close gaps on potential human rights risk across Digi's supply chain based on findings from Human Rights Due Diligence in 2021
- Inculcate responsible sourcing practices
- Safety Advance Project - Advancing HS&S culture for employees and suppliers

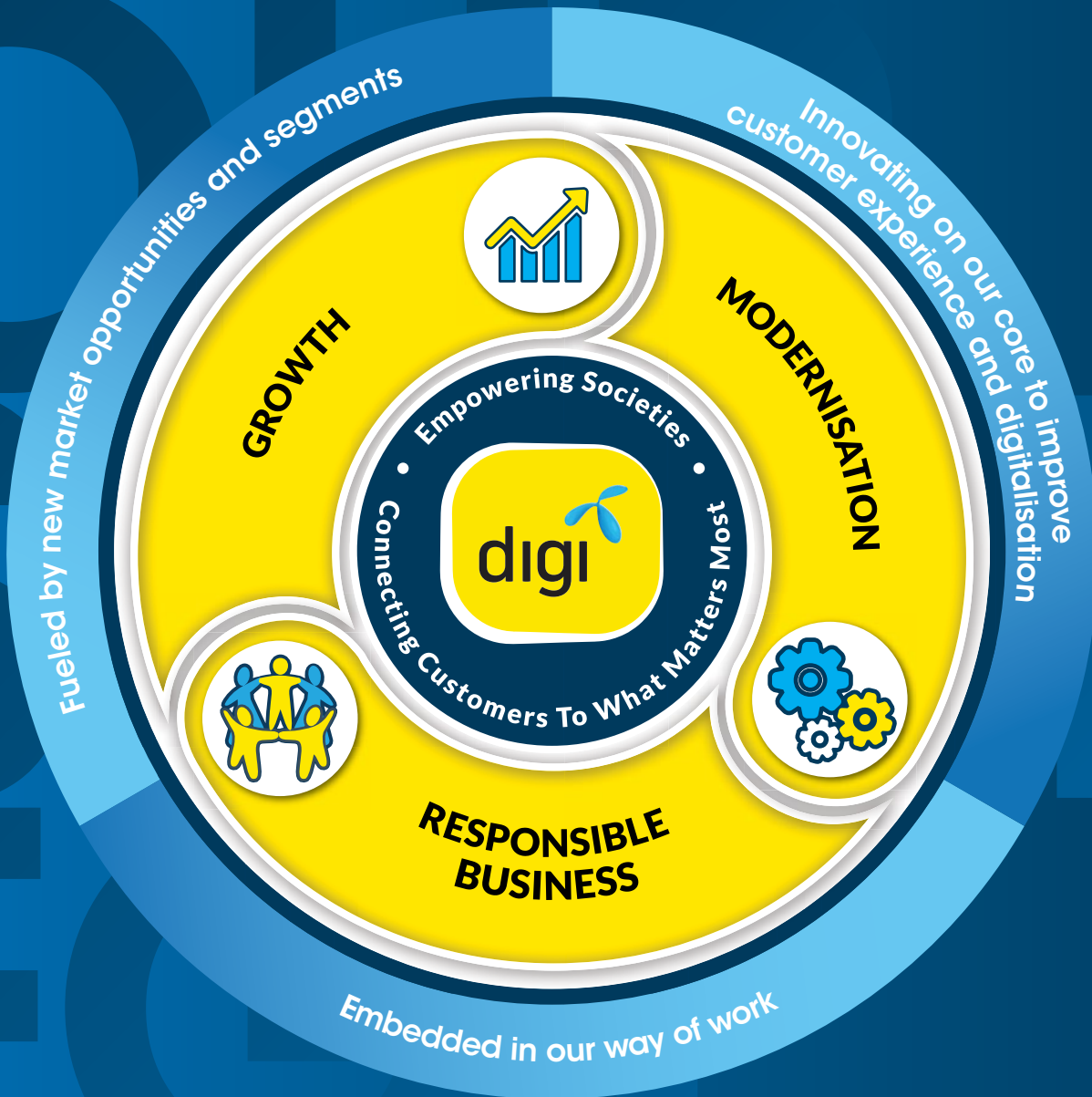
Safeguarding cyber security for customers and within our network

- Consumers are finding it more convenient to perform online transactions via wired or wireless connections. Cyber security continues to be a top priority for consumers, businesses and organisations, to protect and defend against advancing threats

**Digi's Action Plan**

- Protective measures prescribed to uphold security standards (e.g. confidentiality, integrity, and availability)
- External vulnerability assessments and penetration testing
- Continuous monitoring on security configuration settings for each layer
- Advocate cyber security awareness across the supply chain, and to offer industry-first cloud-based cyber security solutions to SMEs together with partners
- Offer new cyber security products to customers

Our Strategy



Our long-term business strategy is anchored on our purpose to **empower societies** and **connect customers to what matters most**. We have enhanced our strategic framework, built on three key pillars of Growth, Modernisation, and Responsible Business, and set out a three-year (2021-2023) roadmap to drive our ambition to be the trusted digital connectivity partner to all our stakeholders.



GROWTH

Sustainably grow consumer and lead organic B2B revenue growth

Low double-digit

growth in Postpaid and Fixed subscribers (vs FY2020)

Low to mid double-digit

growth in B2B revenue (vs FY2020)

#1 Most consistent network

(maintain 2020 position)

2023 AMBITION



MODERNISATION

Best customer experience, built on channel digitalisation and automated operations

100% Touch-free

operations on Digi's network (2020: 74%)



RESPONSIBLE BUSINESS

Leader on sustainable business standards and ESG practices in Malaysia

300,000 Users

engaged via Yellow Heart programmes on digital resilience and future skills

#1 Malaysian telco

for ESG standards and performance (maintain 2020 position)



Our Strategy

2021 Progress and Achievements

How do we get there Priorities for 2022



GROWTH

1. ~253,000 net additions in Postpaid subscribers through attractive high speed offers on the #1 Network in Malaysia, Family Lines and Home internet bundles
2. FY2021 B2B subscribers up 9.8% YoY from solid base management
3. FY2021 B2B revenue growth of 4.8% YoY (vs FY2020) driven by;
 - SME digitalisation bundles
 - Acceleration of non-core connectivity
 - Securing higher solution deals from large corporations
 - Trialed advance 5G use cases with large enterprises and partners
4. Sustained leading positions as fastest and most consistent network in 2021

1. Continue to grow Postpaid, B2B and Fibre subscribers
2. Scale SME digitalisation and core connectivity offerings
3. Expand large enterprise managed services within core verticals
4. Co-develop innovative solutions with partners and enter into new verticals
5. Maintain leading network through data-driven investments to drive growth and meet customers' expectations



MODERNISATION

1. Touch Free Operations on Digi Network (2021: 82% vs 2020:74%) through increased adoption of AI/ML, predictive planning and maintenance
2. Direct connections to e-wallets and digital partners enabling convenient transactions for purchases, reloads and bill payments
3. Accelerated sales digitalisation during lockdowns – dealers and touchpoints pivoted to online sales on social media, podcasts and streaming content
4. Modernised Digi's billing platform and enhanced platform capabilities for future business functions
5. Continued digitalisation of back-office to drive operational efficiencies

1. Modernise core and channels to enable seamless digital journeys
2. Continue Touch Free Operations across technology
3. Continue to grow digital transactions and enable self-service features to improve customers' convenience and experience
4. Ensure 5G readiness across all systems and platforms



RESPONSIBLE BUSINESS

1. Empowering societies and building digital resilience through Yellow Heart
 - Donation to support Covid-19 relief efforts - RM 1 million disbursed through MERCY Malaysia
 - Free TGB daily data usage for productivity during lockdown
 - Continued support on government initiatives
 - Safe Internet – 113,000 engagements
 - Future Skills – ~35,000 enrolments, +300 schools reached
2. Leading ESG standards and performance across various fields
 - Improved MSCI ESG rating from 'A' to 'AA'
 - Improved ESG performance
 - Adopted best climate framework and standards
 - Climate Data Integrity exercise to improve Digi's carbon and energy reporting
 - Improved carbon intensity per data usage by 13.7%
3. Be the employer of choice
 - Strengthened women leadership pipeline in Digi and global recognition on women empowerment
 - Strengthened leadership positioning in corporate Malaysia through memberships with prestigious associations
 - Safe and inclusive work environment through continuous awareness, pandemic-related initiatives and increased communication and celebration of related International UN days

1. Strengthen Responsible Business leadership via Yellow Heart and collaboration with partners
2. Lead on ESG performances and deliver on our commitments to all stakeholders
3. Attract the best talents and continue to be a corporate leader on diversity and inclusion in the workplace



100%

Touch-free operations on
Digi's network
(2020: 74%)



MODERNISATION

Innovating on our core to improve customer experience

Our customers are the lifeblood of our business. We aim to consistently provide the best experiences for our customers, built on channel digitalisation and automated operations.



How We Create Value



FINANCIAL CAPITAL

Digi's financial capital is carefully managed and allocated to run day-to-day business operations efficiently and to fund attractive expansion plans. This capital is generated from business activities, investments as well as from external funding from financial institutions. Digi aims to continue to create value for all stakeholders with prudent financial capital management.

Mapping to Our Strategy and Material Matters



(Please refer to pages 38-40 on detailed description of our Material Matters)

Key Inputs

Market capitalisation at
RM33,899 million
(as of 31 December 2021)

Total assets of
RM7,840 million

Credit ratings of
AAA/Stable/P1
on RAM rating

Net debt to earnings before
interests, taxes, depreciation
and amortisation (EBITDA) at
1.6x

Operating cash flow of
RM2,606 million

Total Revenue
RM6,336 million

Key Activities

- Grew quality of the subscriber base by targeting Malaysian Prepaid, Postpaid and B2B segments, increased penetration into the underprivileged customer segment and reduced focus on low quality segments
- Disciplined OPEX management through ongoing initiatives to drive operational efficiencies
- Improved credit management and collection processes
- Prioritised investment with prudent CAPEX management to sustain network leadership and drive digital capabilities

Outcomes

- Delivered revenue growth from core segments and devices growth
- Grew quality of subscriber base
- Leveraged rising internet and digital adoption
- Disciplined cost management supporting growth and modernisation
- Enhancement in digital payments and affordable product offerings to drive cost efficiencies
- Prioritised operational efficiency and focused on driving growth in core segments
- Solid track record of near 100% dividend payout ratio supported by a robust balance sheet and a low gearing ratio

Challenges in securing the capital

- Closure of international borders and prolonged movement control orders (MCOs) resulted in lower roaming revenue and significant change in data usage and consumer patterns
- Impact of Covid-19 on economy, business sentiment and employment led to business shutdowns and lower consumer spending
- Forgoing revenue to support national relief efforts such as provisioning of free data, zero-rated calls, and digitalisation subsidies
- Highly competitive industry with many players offering low-entry products and unlimited data plans, creating margin pressure
- Global supply and logistics tightness and increased geopolitical tensions creating inflation pressure and supply chain disruptions

Outlook - Our continuous focus:

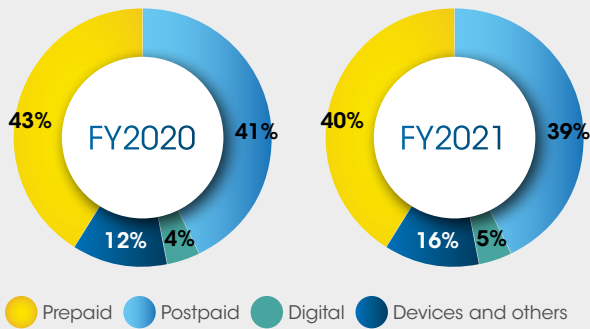
- Continue optimising financial capital management in an uncertain macro environment balancing efficiency and growth
- Ensure that we remain vigilant and ahead of emerging business trends and accelerated internet adoption and digitalisation
- Widen penetration into different customer segments and seek new growth opportunities
- Maintain network quality to meet customers' needs and expectations
- Take a leading role in 5G adoption

Our detailed performance and outcomes created are further deliberated on the following pages.

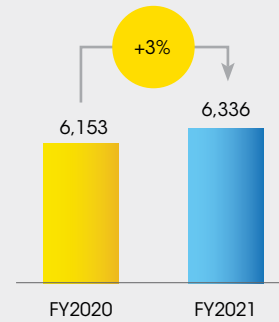
Delivered revenue growth from core segments and devices growth

- Strategic shift to reduce reliance on traditional prepaid voice has significantly improved the quality of our subscriber base and lifted revenue

Sustainable Revenue Mix (%)



Total Revenue (RM' mil)

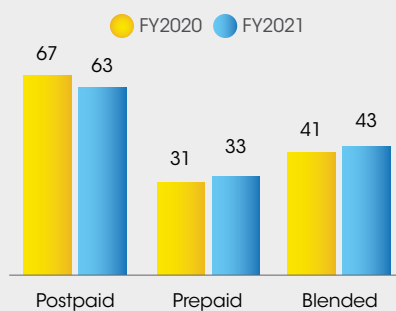


- Resilient Postpaid with targeted acquisition and base management approach
- Negative Prepaid trend reversed, supported by growth in Malaysian segment
- Strong subscriber growth through attractive fibre broadband and family bundles offering
- Devices and other revenue up **37.2% YoY** reflecting high demand for PhoneFreedom 365 programme

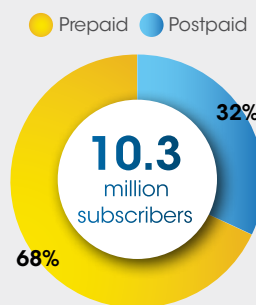
Grew quality of subscriber base

- Focused on building loyalty amongst Malaysian base through contracting and personalised renewal promotions
- Curated multi-tiered internet passes for various segments such as youth, senior citizens and mass consumers
- Leveraged high-speed internet proposition to target new and underpenetrated segments
- Reduced reliance on low quality high churn segments
- Postpaid and Malaysian Prepaid consumers reacted positively to Digi's product offerings which focused on high-speed, quality network, attractive smart bundles and entry-level plans
- Digi's Fibre Broadband grew consistently via upselling activities to our existing mobile customers by leveraging rising internet adoption
- The decline in the prepaid base was mainly due to the exit from the lower-end migrant segments with high churn rates

ARPU Development (RM)



Total Number of Subscribers



Expanded active Malaysian base

+10.5%

Malaysian active subscribers

Increased year-on-year from continuous acquisition efforts

Postpaid subscribers

↑ ~253k

Postpaid subscriber net additions

Increased year-on-year for five quarters in a row to total 3.3 million Postpaid subscribers

Fibre Broadband subscribers growth via upselling

6X stronger

Fibre Broadband subscribers

Total Fibre Broadband subscribers: ~13,000 (FY2020: ~2,000)

How We Create Value

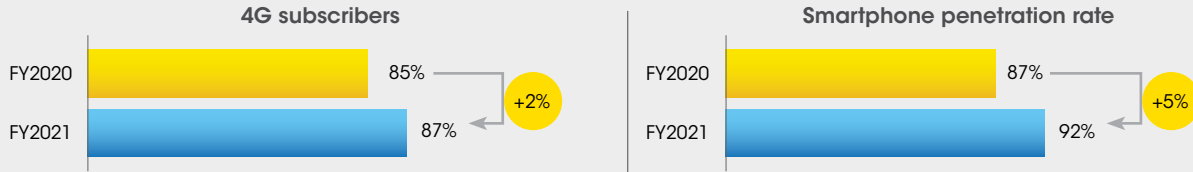


FINANCIAL CAPITAL

Leveraged rising internet and digital adoption

- Completion of 3G network shutdown in January 2022 in line with JENDELA initiative enabled 3G spectrum to be re-farmed to improve the network performance of 4G, contributing to more 4G subscribers and higher smartphone penetration rate
 - Voice over LTE (VoLTE) traffic increased from 24% in FY2020 to 56% in FY2021

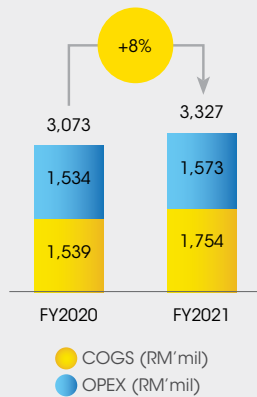
Internet users' expansion



Disciplined cost management to support growth and modernisation initiatives

Total Cost

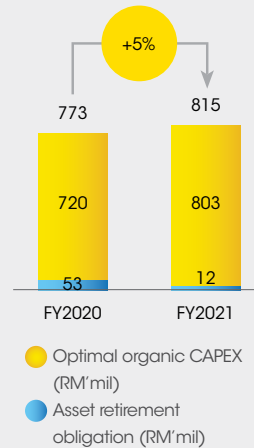
- Optimised cost allocation to prioritise modernisation initiatives in improving overall customer experiences
- Overall cost increase mainly driven by higher handset sales reflecting strong growth of Postpaid segment



- Cost of goods and services (COGS) grew **14% YoY** mainly due to growth in device and digital businesses
- Operating expenditures (OPEX) to service revenue ratio for the full year remained healthy at **29.5%**
- Modest OPEX growth of **2.5%** mainly driven by network expansion

Prudent CAPEX allocation

- Prioritised investments to sustain network leadership and drive digital capabilities
- Disciplined capital allocation to support JENDELA



Sustained Total CAPEX-to-Total Revenue Ratio **+12.9%**

Support growing network coverage and digital enhancement (FY2020: 12.6%)

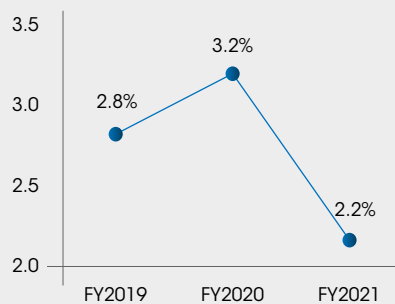
CAPEX allocation for network modernisation **> 65%**

Part of our modernisation journey to drive efficient rollouts of 4G, in line with national digitalisation agenda

Enhancement in digital payments and affordable product offerings to drive cost efficiencies

- Continued digitalisation to increase touch free digital payment methods drove solid collections during the year
- Combination of seamless customer journey and affordable, flexible products proved to be an effective strategy in customer retention and curtailing delinquencies
- Digi recorded lower expected credit loss (ECL) of RM55 million (RM82 million in FY2020) flowing through to a lower ECL ratio of 2.2%, alongside stronger free cash flow supported by robust collections

ECL ratio



Levers for improving ECL ratio:



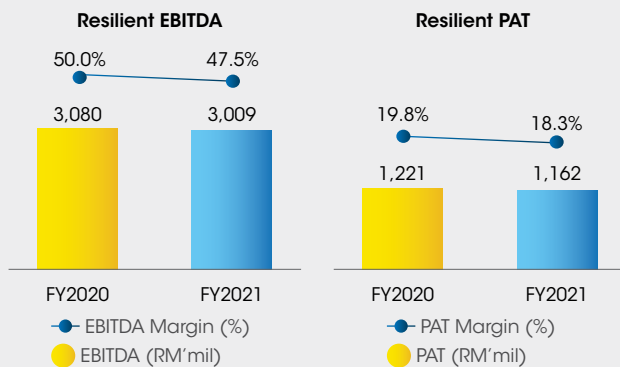
Increasing digital payment solutions



Affordable and flexible products

Prioritised operational efficiency and focused growth initiatives in core segments

- Resilient EBITDA margins driven by modernised operations
- Profit after tax (PAT) of RM1,162 million slightly down mainly due to flow through from EBITDA, higher depreciation charges for 3G network shutdown and increased finance costs (FY2020:19.8%)
- Maintained profitability margins in a competitive market excluding the effect from higher device sales



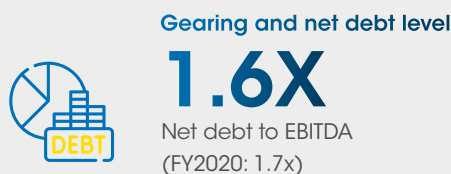
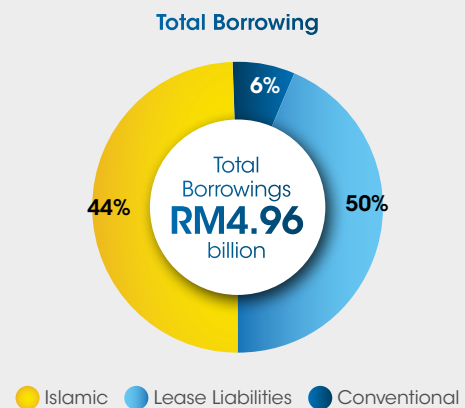
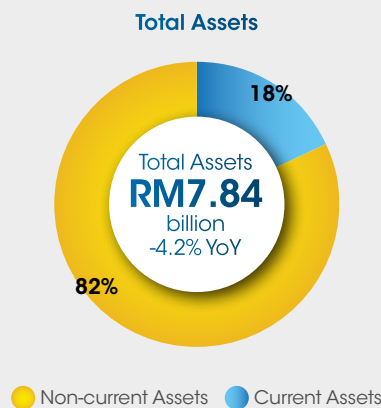
Solid track records of near 100% dividend payout ratio

- Continued to exceed the company's dividend policy of distributing a minimum **80%** of net profits
- Sustainable return with high dividend payout reflecting our commitment to our shareholders, amidst the challenging environment



Maintained a robust balance sheet and a low gearing ratio

- Total Assets of **RM7.84 billion** reflecting our solid financial capabilities and flexibility to fund future growth opportunities
- Healthy return on total asset at **14.8%**
- Prudent management of gearing and capital allocation



How We Create Value



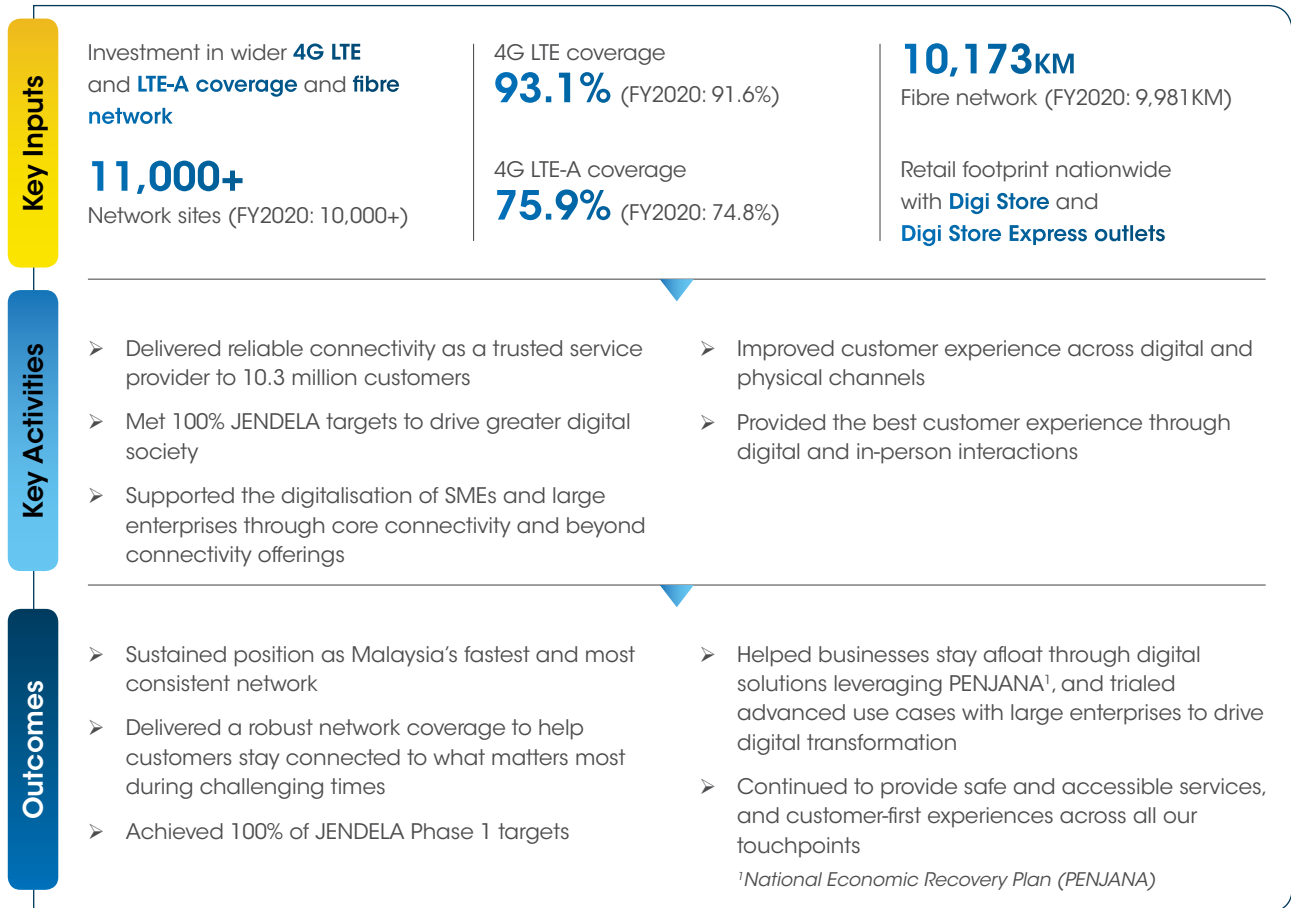
MANUFACTURED CAPITAL

Digi's manufactured capital refers to the network infrastructure and assets critical to running our operations, including telecommunication towers, fibre, data centres and retail touchpoints across Malaysia. These form an integral source of competitive advantage for us to deliver our services reliably to customers and represent our deployment of financial capital as we diversify and invest in prioritised areas to meet customers' needs.

Mapping to Our Strategy and Material Matters



(Please refer to pages 38-40 on detailed description of our Material Matters)



Challenges in securing the capital

- Prolonged MCOs required Digi to continuously ensure we maintained the quality of our network for all customers
- Commitment towards delivering JENDELA targets
- Strict adherence to safety guidelines and business continuity plans across our operations to safeguard our customers and employees

Outlook - Our continuous focus:

- Make data-driven investments to enhance the quality and consistency of our network
- Accelerate national digitalisation agenda through JENDELA
- Support the digitalisation of SMEs and large enterprises through core connectivity and beyond connectivity offerings
- Improve customer experience and satisfaction across online and offline channels

Our detailed performance and outcomes created are further deliberated on the following pages.

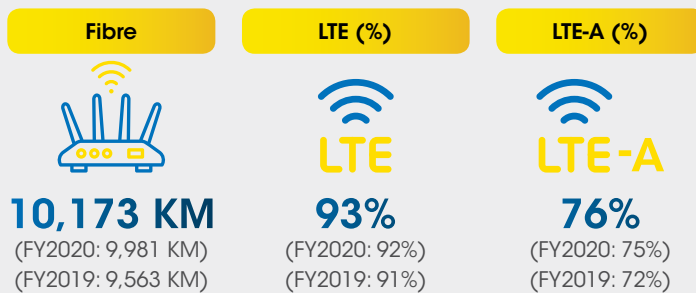
Delivered robust network coverage to help customers stay connected

As the country faced prolonged MCOs in 2021, Digi focused on maintaining the reliability and quality of our network services to ensure customers stay connected.

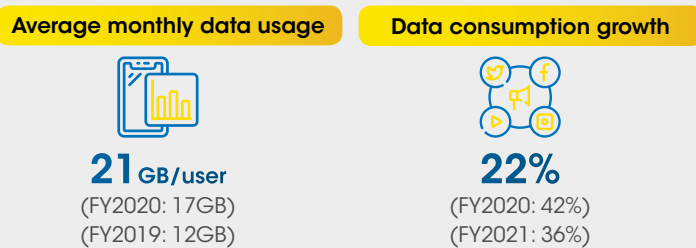
In 2021, we expanded our 4G network coverage in rural and remote areas and improved in-door coverage nationwide. Our 4G LTE and LTE-A now covers 93.1% and 75.9% of populated areas respectively. We have also expanded our fibre network footprint to over 10,173km to increase availability of fibre broadband connectivity to households and businesses.

The successful 3G network shutdown, in line with Malaysia's JENDELA initiative has enabled 3G spectrum to be repurposed to strengthen Digi's 4G network performance, allowing for better quality of internet experience.

Robust network coverage



Data consumption growth



Maintained a resilient network and sustained network leadership on quality and consistency

- Data-driven investments in the network to improve capacity in areas with growing customer demand
- 3G spectrum re-farming to 4G and robust network expansion for enhanced speeds and quality
- Sustained #1 position throughout 2021 on consistency, download speed, video experience and group video calling despite an increase in data consumption and high-surge in data traffic throughout prolonged lockdowns in 2021¹

¹As rated by independent third-party agencies

Accelerated the national digitalisation agenda through JENDELA*

Digi continuously improves the quality of our network and capabilities through building of new sites, upgrading and modernising existing sites and boosting outdoor and indoor coverage. Our efforts are fully aligned to JENDELA.

Digi continues to work closely with the Malaysian Communications and Multimedia Commission (MCMC) on initiatives to provide high quality and affordable digital connectivity in rural and remote areas.

Digi's achievements under JENDELA

(As of Q4 2021 under JENDELA Phase 1)

New Sites



119 (98% met)
(FY2020: 269 (99% met))

Upgrades



2,191 (100% met)
(FY2020: 2,979 (100% met))

* JENDELA was formulated collectively by the telco industry and the government to improve network coverage and enhance the quality of broadband experience

How We Create Value

MANUFACTURED CAPITAL

Supported the digitalisation of SMEs and large enterprises through connectivity and innovative offerings

- Delivered purpose-built solutions and customised connectivity offerings to enable digital transformation for businesses



Digi Business is a certified member of MEF, a global federation of network, cloud, and technology providers driving enterprise digital transformation



Digi powers Petronas offshore oil rigs with 4G LTE connectivity

- Scaled beyond connectivity offerings with in-house digital solutions



- iFleet - Intelligent GPS Tracking & Fleet Management System
- Omni™ - Virtual Phone System
- alTHR - A digital workforce management system
- D'SMS - a direct SMS marketing solution
- UltraPOS All-in-1 Payment Terminal

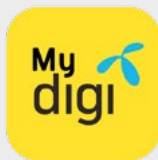
- Piloted advanced use cases

Westports and Digi power smart port transformation with Malaysia's first successful 5G trial conducted in a live port operations environment

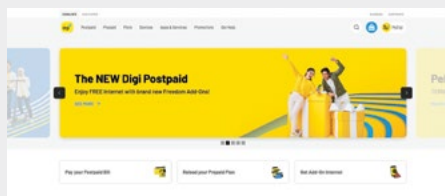


Provided the best customer experience through digital and in-person interactions

MyDigi App: Enables self-serve transactions, personalised rewards, support and more



4.7mil
Monthly Active Users
↑ +7.3 YoY



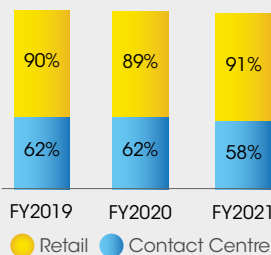
Enhanced web/app experience, making it easier for customers to:

- 👉 Pay bills
- 🔄 Reload
- 👉 Get add-ons

Sustaining customer obsessed culture across customer touchpoints

In 2021, we sustained good customer satisfaction (CSAT) scores for both retail and contact centre despite a challenging year with prolonged movement restrictions and service disruptions.

Customer Satisfaction (CSAT)



* Customer Satisfaction data FY2021 has been independently assured by KPMG PLT



100%

All retail frontliners are fully vaccinated



We introduced new ways to engage customers, providing them convenience while ensuring their safety.

- Appointments
- Drive-thru
- Door-to-door delivery

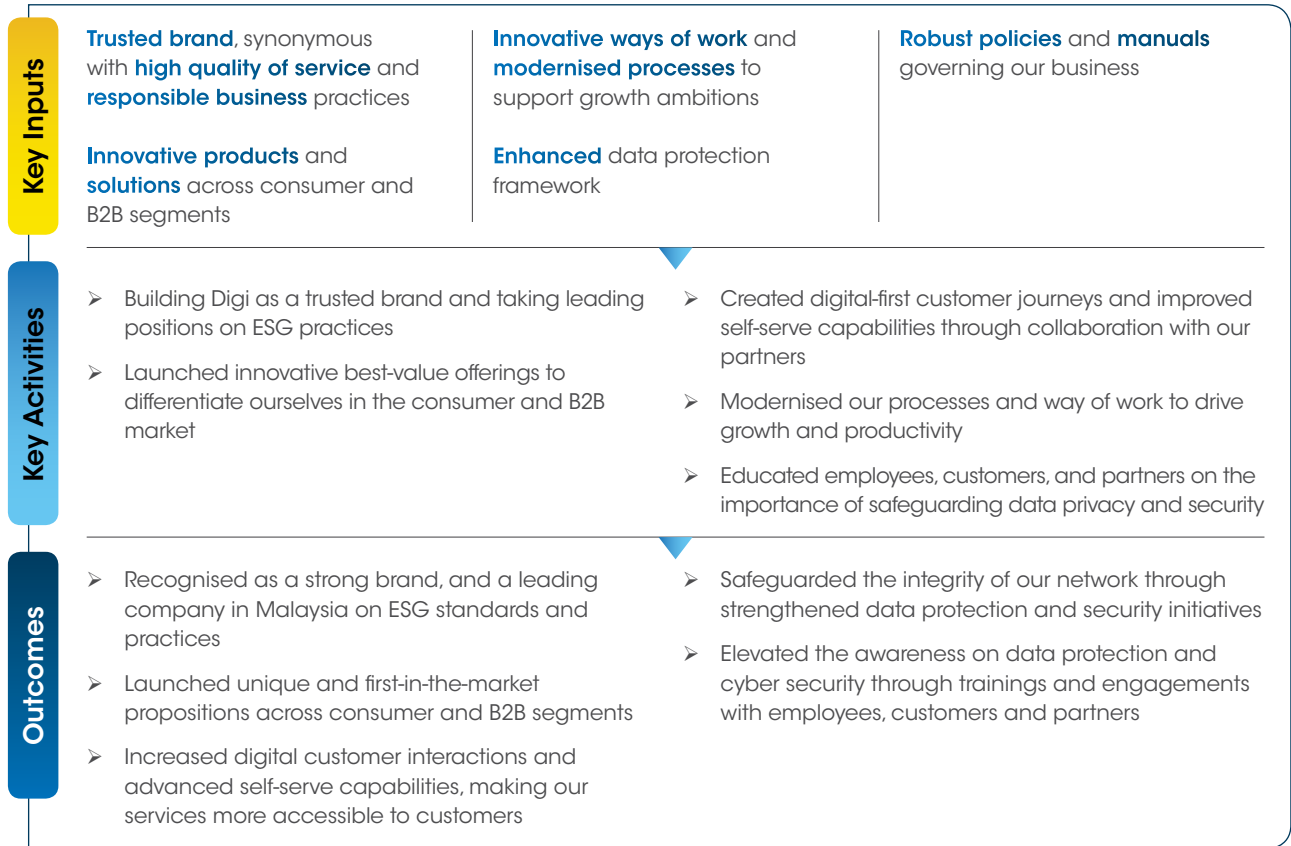
INTELLECTUAL CAPITAL

Digi's intellectual capital refers to our unique brand, processes and technology that differentiate us in the market. Digi's purpose of connecting customers to what matters most is anchored on the core foundation of operating responsibly and guided by our values and way of work. Our long-standing culture of innovation, and operating with the highest standards of security, corporate governance, and sustainability are key success factors in Digi's ability to deliver long-term value to our stakeholders and to play a leading role in setting good environmental, social and governance (ESG) practices among corporate Malaysia.

Mapping to Our Strategy and Material Matters



(Please refer to pages 38-40 on detailed description of our Material Matters)



Challenges in securing the capital

- Competition within the telecommunications industry continues to be high. Digi will need to leverage on its unique brand to cater to different customer segments in a relevant and meaningful way
- Prolonged lockdowns have resulted in a change in customer behaviours and accelerated the need for reliable, safe, and digital-first products and services
- Businesses must now adapt to the 'new normal' of employees working remotely, following movement restrictions due to Covid-19
- Cyber security and data protection risks have become a top concern for companies as they accelerate their digital transformation

Outlook - Our continuous focus:

- Continue to be a brand that customers trust, and therefore will prefer. We believe that customers will choose brands that operate with the highest standards and conform to the same values that they hold
- Continue to work towards becoming a Malaysian leader on ESG performance and standards, and to raise awareness on areas such as cyber security and data protection among employees, customers and partners

Our detailed performance and outcomes created are further deliberated on the following pages.

How We Create Value

INTELLECTUAL CAPITAL

Continued focus to develop Digi as a trusted brand

In 2021, Digi was recognised as Malaysia’s strongest brand, and among the Top 10 Most Valuable Brands in Malaysia as ranked by Brand Finance. This is a testament of our unique brand with a long-standing record of upholding the highest level of responsible business practices and quality of service.

Brand Strength Index (BSI) score of 87.3 out of 100 and a corresponding AAA brand strength rating

Digi aims to continue developing our brand, as a trusted partner for all stakeholders through improved disclosures and high-quality reporting for sustainability data to create higher appreciation towards our sustainability performances.

Digi continues to be recognised as a leader in ESG performance and standards, as we work towards delivering on our commitments to all stakeholders.

ESG Ratings and Highlights as at 31 December 2021

<p>FTSE4Good Bursa Malaysia Index Member of ESG indices with score of 3.8</p>	<p>SUSTAINALYTICS ESG Risk Rating 18th percentile, one of the highest for the region</p>	<p>CDP Voluntary environmental disclosure Carbon reporting since 2009 via Telenor Group</p>	<p>MSCI ESG RATINGS AA Improved rating from A to AA</p>
<p>Bloomberg Gender Equality Index (GEI) 2021 Recognition in gender reporting and advancing women’s equality</p>	<p>IR magazine Award nominee South East Asia 2021 Investor Relations Magazine SEA Awards Certificate of Excellence for Best ESG Materiality Assessment in Integrated Annual Report 2020</p>	<p>UN WOMEN United Nations Entity for Gender Equality and the Empowerment of Women Corporate membership to drive leadership in gender diversity Member of UN Women Empowerment Policies and Malaysia’s 30% Club</p>	<p>WEPS AWARDS For exemplary practice embracing the Women’s Empowerment Principles (WEPs) in Asia-Pacific UN Women Malaysia WEPS Awards 2021 2nd Runner Up in the Gender-inclusive Workplace Category</p>

Launched innovative best-value offerings to differentiate ourselves in the consumer and B2B market



- **Consumers: Launched first-in-the-market offerings**
 - Truly high-speed Prepaid NEXT internet proposition
 - Lowest-entry for device financing together with refreshed Digi Postpaid plans
 - Offering “Sahur” high-speed data passes for customers during Ramadan
 - RDY Gaming Prepaid Plans - Optimised gaming latency and 5% cashback on game purchases

➤ **Businesses: Strategic partnerships to accelerate SME digitalisation**

Driving SME digitalisation across different verticals

<p>Fintech</p>	<p>E-commerce</p>
<p>Security</p>	<p>Enterprise Resource Planning (ERP) systems</p>



Created digital-first customer journeys and improving self-serve capabilities through collaboration with our partners

- Established direct connections with major e-wallets and retailers via DigiPay API making it more convenient and accessible for Digi customers to buy top-ups and pay their bills



Reload seamlessly from your favourite e-wallets

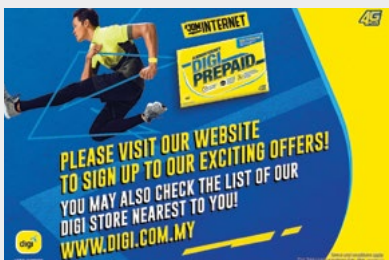


Pay Digi bills more conveniently

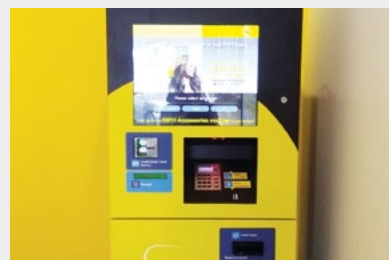
- Launched digital campaigns with e-wallets and banks to provide customers with best-value offerings



- Launched Digi Official Store on e-commerce platforms and rolled out new kiosks to make our products and services more accessible to customers



Making our products more accessible to customers on their favourite e-commerce platforms



Rolled out over 100+ new digital kiosks with enhanced capabilities to provide more convenience to customers

- Extended our Digi Store Online capabilities to dealers and frontliners, to reimagine the way we interact with customers



- Extended Digi Store Online capabilities to support open channel dealers to sell online
- Provided our retail frontliners with new tools and training to better engage with customers online

How We Create Value

INTELLECTUAL CAPITAL

Modernised our processes and way of work to drive growth and productivity

➤ Adopted automation and AI/ML to improve processes and customer experience



- Continuous use of AI/ML to improve network NPS prediction and diagnosis, site degradation predictions and real-time monitoring of key applications to enable proactive customer experience management
- Over 300+ network use cases automated to improve productivity
- Automated ticket handling on MyDigi for faster complaint resolutions

➤ Innovative ways of work



- Digi introduced a cycle way of work, empowering teams to plan and adopt best ways to engage with customers and faster time to market
- A cross-functional team came together in 2020 to uncover insights with data analytics that would improve customer experience. In 2021, this evolved into a data-analytics forum, reimagining the way we execute nationwide network rollout plans based on data of customer pain-points and insights

Safeguarded data privacy and security, and raised awareness for employees, customers, and partners

**Company-wide data mapping exercise**

- Assessed privacy compliance of systems processing personal and non-personal data in Digi
- Established privacy control framework to monitor data management across data lifecycle and systems

**Improved privacy practices**

- Enhanced standard contractual clauses for data protection
- Enabled self-serve option on MyDigi app and Digi's website for customer to opt-out from marketing communications and promotional materials
- Established business partner privacy management process to govern end-to-end privacy compliance

**Strengthened governance**

- Updated Privacy Notice, improving on categorisation of data collected for easier customer comprehension
- Revised governing documents for Privacy and Incident Management
- Enhanced cyber security maturity governance

**Privacy and cyber security as a Responsible Business culture**

- Launched trainings on the importance of privacy, information management, and data protection as part of new employees' onboarding and awareness for frontlines
- Executed mandatory quarterly privacy and cyber security training for all employees
- Conducted training on topics such as privacy awareness and business partner privacy management
- Produced bite-size materials to raise awareness on privacy and information management

**100%**

Completion of privacy and cyber security e-learning modules

**200**

New employees trained on privacy and data protection

**100**

University and school students trained on career options on online privacy

Safeguarded data privacy and security, and raised awareness for employees, customers, and partners (Continued)

Enhanced Digi's defensible network architecture

- Improved detection and threat prevention
- Mandatory security trainings (Four modules)
- Enhanced Cyber Security Maturity Governance
- Accredited with Business Continuity Management System (BCMS) ISO 22301:2019 by the British Standards Institution (BSI)

Company-wide data mapping exercise

- Established internal governance controls to protect customers' data
- Executed in three phases, with 84 systems in 12 months
- Documented and recorded all customers, employees, and 3rd party personal data and asset listing
- Completed privacy risk assessment and remediation roadmap

Raising awareness on cyber security for SMEs

- Launched webinars with Cisco Systems Malaysia to promote awareness on cyber security and to help SMEs defend against cyber attacks

Digi Business

MyDigitalSME
x
CISCO
Powered

Learn The 1-2-3s of Cyber Security

Louisa Leong
Product Marketing Manager
Digi Business

Raz Mohamed
Director, Commercial & Small Business,
Southeast Asia, Cisco

Yasmin Mortaza
Host
Digi Business

How We Create Value

HUMAN CAPITAL

Digi believes in creating a productive, diverse and sustainable workforce to support our growth, meet the demands of digital advancements and be ahead of the future of work. Our employer brand promise "Freedom to Inspire the Next" aspires to continue enabling our employees to accomplish their best, grow alongside the organisation and deliver value to our customers. It is pertinent for Digi to nurture an enabled and engaged workforce - embracing the power of different experiences and investing in critical competencies, while giving utmost importance to our employees' health, safety and overall well-being. Digi's human capital plays a key role in enabling and supporting the organisation to deliver on our commitment of connecting customers to what matters most.

Mapping to Our Strategy and Material Matters



(Please refer to pages 38-40 on detailed description of our Material Matters)

Key Inputs	<p>~1,400 employees in Digi</p> <p>Experienced Management team and strong Board composition</p>	<p>Diverse and inclusive workforce</p> <p>Equal remuneration across gender</p>	<p>Engagement and prioritisation of employees' physical and mental well-being</p> <p>Value-driven corporate culture</p>
	Key Activities	<ul style="list-style-type: none"> Conducted various training programmes to upskill and reskill our employees, focusing on critical competencies Conducted an organisation-wide Pulse Survey Centralised online learning platform through Telenor Academy 	<ul style="list-style-type: none"> Conducted the annual gender pay gap analysis Trained 27 employees who graduated as the first batch of mental health first aiders Refreshed the employer brand promise Conducted employees' annual review process Maintained a structured succession pipeline
Outcomes	<ul style="list-style-type: none"> Continuous upskilling of talent to drive growth Safe, inclusive and engaged organisation Bloomberg Gender Equality Index (GEI) 2021 and 2022: Included for the second consecutive year 	<ul style="list-style-type: none"> UN Women Malaysia WEPs Awards 2021: 2nd runner-up for "Gender-Inclusive Workplace" category Signatory of the UN Women's Empowerment Principles (WEPs) 	

Challenges in securing the capital

- New ways of work have required us to relook our people engagement and enablement approaches, introducing new collaborative tools to drive productivity, implementing programmes that support employee engagement, and promote physical and mental well-being
- Prioritisation of people-related initiatives while taking into consideration overall cost-effectiveness

Outlook - Our continuous focus:

- Adjust our culture and way of work to suit a hybrid work environment while providing adequate support for employees to work and lead efficiently
- Acquire technical expertise and effective data management processes to conduct meaningful analytics
- Support workforce transitions to cater to future demands

Our detailed performance and outcomes created are further deliberated on the following pages.

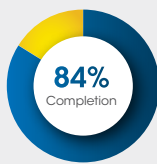
Continuous upskilling of talent to drive growth

Strategic talent management is important to Digi as it impacts our ability to attract and retain high performing talents. We believe that employee development and engagement is crucial in achieving our business goals. We strive to provide the right platforms for our employees to stay motivated and grow in their roles.

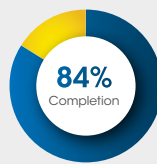
Learning and Development

Learning and development in Digi is supported through Telenor Academy, an integrated online learning system with access to external platforms such as LinkedIn Learning, Linux Academy, Coursera and Udacity. The platform played a crucial role in supporting the shift towards increased virtual learning due to the pandemic. Aside from learning through Telenor Academy, Digi organised several annual learning days, conducted virtually for all employees.

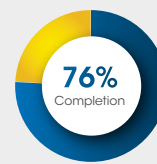
Digi Learning Days



What's Your Next 2021:
Helping employees to internalise Digi's strategy



Customer Obsessed Day 2021:
Six masterclasses conducted by Product Champions to help employees better understand Digi's products and services



Responsible Business Summit 2021:
Annual summit with expert insights and masterclasses on key ESG topics to upskill employees to stay ahead in the fast-evolving digital age

Digital Day

An exciting day of **innovation and inspiration sharing from industry leaders**, including a curated playlist on topics related to **innovation, STEM, and social media trends**.

Courses Available	
New Technologies and The Future of Telco Learning Path	
Effectively Leading Digital Transformation	
Women in STEM	
Social Media Marketing Trends	

Employees Training Hours

In 2021, we have successfully achieved

52.6 hours

of average learning per employee*
(versus target of 40 hours)

This is the accumulated hours clocked in from digital learning platforms only, such as Telenor Academy, Udacity, Coursera, and LinkedIn Learning, among others, and does not account for face-to-face or guided learning sessions.

Average learning hours Management Team



45.5 hours

(FY2020: 57.6 hours)
(FY2019: 46.5 hours)

Average learning hours Non-Management Team



51.7 hours

(FY2020: 57.1 hours)
(FY2019: 47.5 hours)

** Employee average learning hours has been independently assured by KPMG PLT (This accounts for accumulated learning hours FY2021 and unaccounted learning hours from 1 October 2020 to 31 December 2020)*

How We Create Value

HUMAN CAPITAL

Continuous upskilling of talent to drive growth (Continued)

Workshops Conducted in 2021

We encourage a culture of continuous learning and provide employees with the right learning opportunities to reskill and upskill through various leadership and expert learning programmes.

Workshops	Number of participants
Tight-Loose-Tight (TLT) - A leadership concept for People Managers	125
Stepping Up - To help in the leadership transition process	47
LEAP - To promote awareness about the role of a senior executive leader, within the context of a VUCA business environment	5
Accelerate Expert - To promote thought leadership amongst functional experts	4
Transform - To explore habits and behaviours developed during participant's own leadership journey	15
Intermediate Expert Journeys - A self-led expedition to upskill in critical skills of the future	143
Advanced Expert Journeys - A guided expedition to upskill in critical skills of the future	43
NLP Associate Virtual Presenter Certification - Training for effective storytelling	33
Quarterly Security Training - To increase cyber security awareness amongst all employees	100% completion
Privacy Training - To increase awareness on protection of personal data and privacy amongst all employees	98% completion

Performance Appraisals and Career Development Reviews

Digi's employees are required to complete an "Impact Assessment", which is an annual exercise to reflect on their development, strengths and achievements for the year. This provides a structured approach for employees to chart their career goals and to have meaningful discussions with their line managers on future growth opportunities.

Number of employees who completed their Impact Assessment



1,179
(FY2020: 1,257)
(FY2019: 1,147)

Talent Management and Succession Planning

Digi has a structured process to maintain the succession pipeline, which is discussed during the annual people review process. Employees are also given opportunities to develop and collaborate at the regional and global level, through partnerships with Telenor Asia and Telenor Group.

Female leadership pipeline



12.5%
Increase in the Female C-1 talent pool since January 2021

C-suite succession pipeline



85%
Successors are in the "ready-now" category of < 12 months for C-suite roles

Safe, inclusive and engaged organisation

Guided by our commitment towards diversity and inclusion in Digi, we provide equal opportunities for all. We hire and retain the best talent, and nurture an inclusive workplace culture that maximises the power of different experiences.

87% Response rate

Pulse Survey

In 2021, we introduced a 'Pulse Survey' to replace our annual Employee Effectiveness Survey (EES)

Outcomes of Pulse Survey



80% Believes that working from home works well for them



84% Appreciates Digi's physical and mental well-being initiatives



87% Believes that Digi prioritises employee's well-being during Covid-19



91% Believes that communications are sufficient and timely, which helps to keep them connected to Digi



85% Acknowledges that managers are doing a good job in guiding, communicating and engaging



92% Agrees that Digi's compliance initiatives help them better understand the Code of Conduct

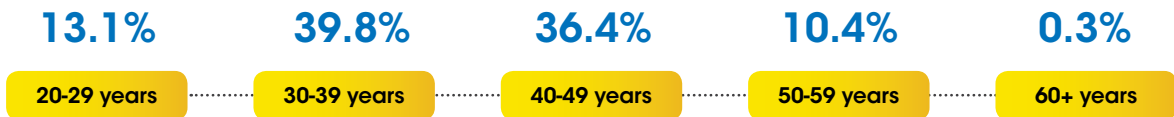
Our diverse and inclusive organisational demographics

Balanced gender diversity



45% Female in leadership positions (FY2020: 47%)

Percentage of workforce by age



Protecting Our Employees' Health, Safety and Well-being

Digi is committed towards safeguarding our employees' health, safety and well-being. We do this by integrating Occupational Health and Safety (OHS) practices as a core aspect of Digi's culture. Our OHS management system is ISO 45001 certified.

How We Create Value

HUMAN CAPITAL

Safe, inclusive and engaged organisation (Continued)

Employees' Training On Health And Safety

Number of employees that received training

All employees

Number of health and safety training programmes conducted

Two programmes

- Covid-19 Awareness training
- Covid-19 Return To Office training

Total training hours on health and safety

2,411 hours

In 2021, we recorded Zero Lost Time Injury Frequency (LTIF) score and zero fatality. Digi keeps track of work-related injuries and accidents, and sickness absence days for its permanent and contract employees, in-house contractors and third-party vendors.



0 Lost Time Injury Frequency (LTIF)* score Recorded



0 Fatality Recorded

* Lost Time Injury Frequency (LTIF) score (limited to permanent and contract employees) FY2021 has been independently assured by KPMG PLT

Digi Yello Show



A radio talk show hosted by Digi employees to engage fellow colleagues on topical issues during lunch break.

Digi Virtual Teambuilding 2021



1,024 employees participated virtually in our annual teambuilding event.

Digi Wellness Challenge 2021



40 teams participated in the #DigiWellnessChallenge, aimed at improving the physical and mental well-being of our employees.

Vaccine Care Assistance



Conducted pandemic-related awareness talks and provided assistance for employees to register for the Covid-19 vaccination.

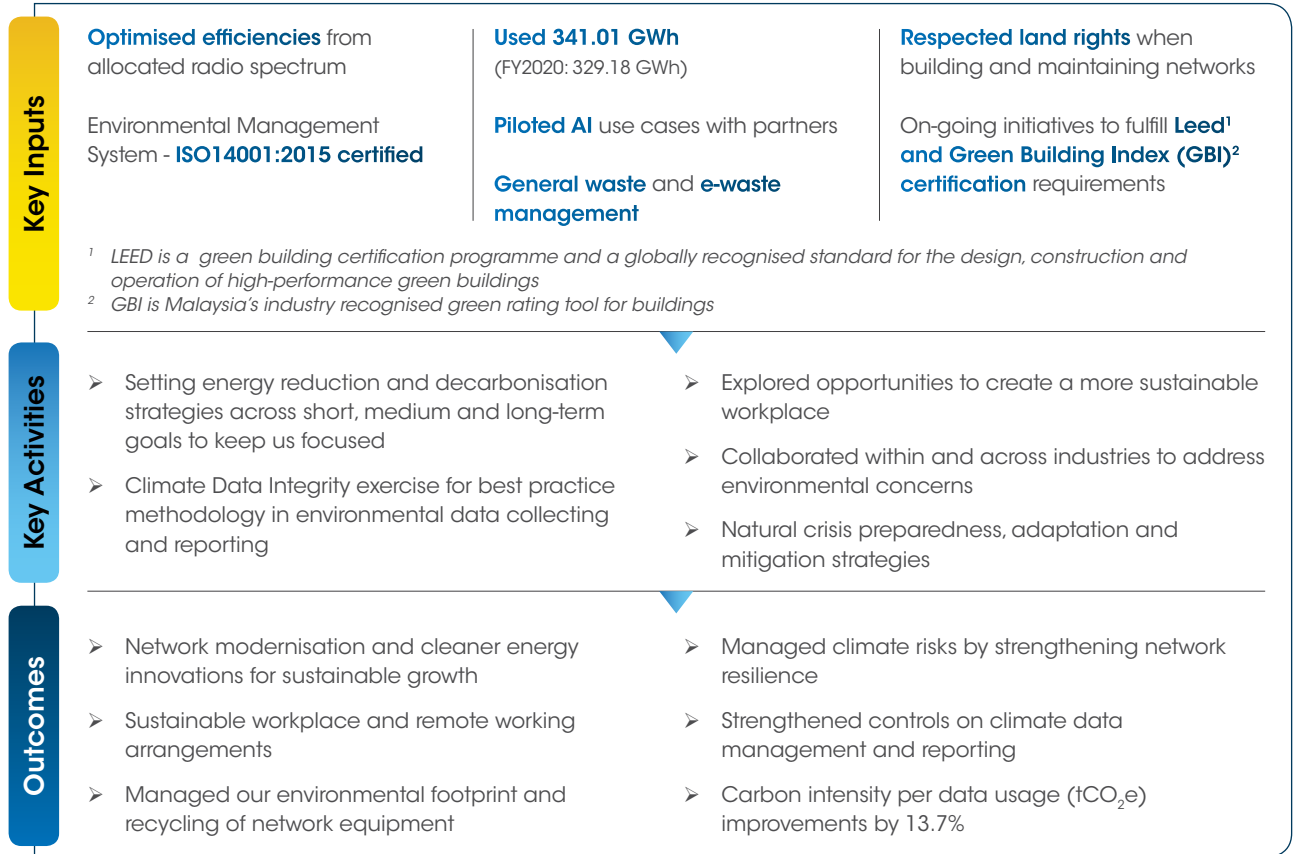
NATURAL CAPITAL

Natural capital is seen as a key priority for Digi, realising the opportunities from limiting natural capital exposure within our own operations, as well as enabling more efficient resource use in other industries. Malaysia has committed to become carbon-neutral nation by as early as 2050. This mandate would require a concerted effort as well as a high-level green commitment and investment from both the public and private sectors. As the level of decarbonisation readiness on a national level is often mirrored by the level of readiness or progress at sectoral levels, Digi aspires to continue our climate leadership in the mobile sector through progressive climate action. It includes how we safeguard and protect the renewable and non-renewable resources that we consume in our day-to-day operations.

Mapping to Our Strategy and Material Matters



(Please refer to pages 38-40 on detailed description of our Material Matters)



Challenges in securing the capital

- Efficient resource management by leveraging effective methodology and practices, including new investments into technological advancements to minimise our environmental impact
- Our partnerships with external parties will have a positive impact on this capital as we progress to employ green technologies in contributing towards our decarbonisation pathway

Outlook - Our continuous focus:

- Drive more network modernisation for sustainable growth
- Expand our existing energy optimisation and decarbonisation initiatives
- Adopt cleaner energy innovations and solutions
- Strengthening controls on climate data management
- Transition towards data driven network planning and higher spectrum efficiencies
- Industry collaboration with third parties towards driving climate best practices

Our detailed performance and outcomes created are further deliberated on the following pages.

How We Create Value

NATURAL CAPITAL



Climate Action

Digi takes a pragmatic approach in addressing climate change and will work in collaboration with the industry, government, environmental agencies and partners towards achieving a net zero greenhouse gas emissions by 2050, in line with a 1.5-degree pathway. While there remain challenges in large scale CO₂ reductions due to our dependency on the national grid, we will continue to strengthen our governance and reporting mechanisms while exploring new technologies and solutions.



Driving network modernisation and cleaner energy innovations for sustainable growth

<p>31 Fuel powered off-grid sites converted to grid power</p>	<p>102 sites CSON¹ AI pilot initiative</p>	<p>15 Off-grid sites on hybrid with lithium-ion battery</p>	<p>3G Sunset Progressive efforts to shutdown remaining 30 Core Base Station Control (BSC) and 41 Radio Network Controller (RNC) in 2022</p>	<p>> 4000 sites Site Battery Autonomy Prediction Tool² to reduce downtime and drive greater efficiencies</p>
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¹CSON AI initiative

In 2021, Digi worked with ZTE through the Centralised Self Organising Network (CSON) Artificial Intelligence (AI) pilot initiative, deploying tools to automatically analyse and implement power-saving mode at our Radio Access Network (RAN) sites. 102 sites were involved in the pilot over the course of a month and demonstrated 3.77% energy reductions (kWh consumed) per site, on average. We will be taking a phased approach in scaling the initiative, targeting to equip more than 50% of our sites to be equipped with this capability in 2022.

²Site Battery Autonomy Prediction Tool

The 'Site Battery Autonomy Prediction Tool' is another AI-based initiative deployed to automatically monitor and record usage information of backup batteries at Digi's network sites. This information is crucial for timely sites restoration and battery replacements planning to ensure minimal service disruptions.

Sustainable workplace

- Digi's headquarters and Technology and Operations Centre (TOC) has been accredited with Gold certification by LEED in 2017, and by Green Building Index (GBI) in 2012 and 2016 respectively. We provide electric vehicle charging stations for company vehicles and employees. We will continue to monitor and maintain high quality and healthy workspaces to boost productivity, optimise energy usage and implement responsive heating and cooling measures
- In adherence to LEED standards, we have embarked on the following energy efficiency and conservation efforts in 2021
 - Lighting setting and scheduling
 - Balancing of chiller load and chilled water
 - Heating, ventilation, and air conditioning (HVAC) temperature setting and scheduling

**50%**

Reduction in energy use by changing to higher efficiency air-cooled chiller

**15.6%**

Savings up to 1,015,000 kWh of energy use in our office due to remote working arrangements

Managing our environmental footprint

In 2021, to meet rising consumer demands, our carbon emission increased by 5%, attributed to data growth and network expansion. Our annual greenhouse gas (GHG) emissions inventory FY2021 in accordance to the GHG Protocol Corporate Standard are as follows:

Direct Energy Consumption from Fuel (GWh)

**42.50**

(FY2020: 44.12)
(FY2019: 40.10)

Indirect Energy Consumption from Grid and Green Electricity (GWh)

**297.21**

(FY2020: 281.94)
(FY2019: 267.84)

Indirect Energy Consumption from Value Chain (GWh)

**1.30**

(FY2020: 3.12)
(FY2019: 7.94)

Scope 1 Carbon Emissions (Tonnes)

10,345.14

(FY2020: 10,750.88)
(FY2019: 9,763.92)

Scope 2 Carbon Emissions (Tonnes)

196,776.12

(FY2020: 185,745.74)
(FY2019: 174,044.00)

Scope 3 Carbon Emissions (Tonnes)

332.79

(FY2020: 734.70)
(FY2019: 1,638.03)

Total Energy (GWh)

**341.01 ***

(FY2020: 329.18)
(FY2019: 315.88)

Total Carbon Emissions (Tonnes)

**207,454.05 ***

(FY2020: 197,231.32)
(FY2019: 185,445.95)

Digi restated our climate data for 2019-2020 following the outcome of a Climate Data Integrity exercise undertaken with an independent advisor to improve our methodology in data collection and management approach. Corrective measures have been undertaken to ensure consistency, accuracy and transparency of the data presented here, in line with good climate governance practices.






* Total energy consumption and carbon emissions FY2021 has been independently assured by KPMG PLT

How We Create Value

NATURAL CAPITAL

Managing our environmental footprint (Continued)

During the year under review, we have improved on our Carbon Intensity per Data Usage by 13.7% YoY. We have achieved a lower carbon footprint per unit of data consumed, although the average customers are using more data. Our carbon intensity is measured by tonnes of CO₂ (tCO₂e) per terabyte of data.

Customer Base (mil)	Energy Usage per Customer (kWh)	Carbon Intensity per Customer	Energy Usage per Data Terabyte (MWh)	Carbon Intensity per Data Usage (tCO ₂ e)
				
10.32 (FY2020: 10.44) (FY2019: 11.28)	33.05 (FY2020: 31.53) (FY2019: 28.00)	0.020 (FY2020: 0.019) (FY2019: 0.016)	0.16 (FY2020: 0.18) (FY2019: 0.24)	0.094 (FY2020: 0.109) (FY2019: 0.141)

General waste

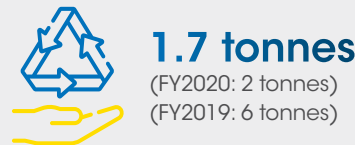
Waste Collected



Waste Generated per Employee¹

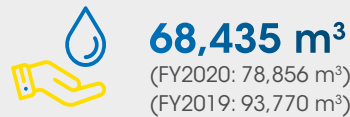


Waste Recycled

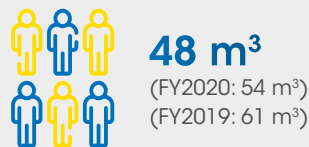


Water consumption

Water Consumed



Water Consumed per Employee¹



E-waste (obsolete electrical and electronic waste)*

E-waste Collected



E-waste Resold and Recycled



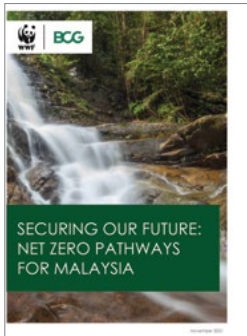
- E-waste directly produced from our operations are managed under the Environment Quality (Scheduled Wastes) Regulation 2005 and our internal guidelines
- Decommissioned network equipment constitutes the largest amount of e-waste generated by tonnes. We reuse equipment, and send those that are obsolete to recycle and disposed off safely by a licensed vendor
- Under our refreshed ESG guidelines, Recycled shall include e-waste treated by professional service provider who guaranteed that the waste is processed, sorted, resold, recycled or disposed in an environmentally sound manner

¹ Total employees – 1,438

Managing climate risks

Towards the end of 2021, the country experienced severe flooding in eight states, affecting more than 125,000 people. This exposed the reality of extreme weather conditions caused by climate change. The floods affected 280 of our network sites with access roads being blocked, electricity shutdowns and other hazards.

Digi recognises climate change as an important risk element, and will continue to adopt proactive measures in addressing both physical risks and transitional risks anticipated to arise due to climate change.



Digi supported WWF Malaysia and BCG Malaysia, and provided telecommunications specific insights in the development of the study on **Net Zero Pathways for Malaysia 2050**.

This report is meant to catalyse stronger and more cohesive climate action amongst all stakeholder groups. Digi will continue to collaborate with WWF Malaysia and BCG Malaysia, delving deeper into industry specific topics.

The report is available at

www.wwf.org.my/our_work/climate_and_energy/towards_net_zero_emissions_by_2050/



Digi is a steering committee member in the CEO Action Network (CAN) which is a closed door peer to peer informal network of over 50 corporate CEOs and Board members, focused on sustainability advocacy, capacity building, action and performance.

As a member, we are committed to engage with various stakeholders including our supply chain, regulators and policy makers, government, as well as our peers across various sectors to forge partnerships that are committed to responsible business practices and sustainable development.

In 2021, Digi, CAN and Climate Governance Malaysia (CGM) organised a Telco CEO Roundtable with six CEOs for conversations and sharing on various climate initiatives, challenges and aspirations to decarbonise the mobile sector.



How We Create Value



NATURAL CAPITAL

Strengthened controls on climate data management and reporting



Digi's Environmental Management System (EMS) is **ISO 14001:2015 certified**.



Digi discloses its climate impacts, energy and GHG emissions via **Telenor Group to the CDP global disclosure system**.



Since 2020, Digi discloses its emissions data through its **Integrated Reporting** process. Digi adopts the following principles as part of its GHG emissions management.

- Define the scope and boundary
- Identify the GHG emission sources
- Collect and quantify GHG emissions
- Set emissions reduction objectives and prepare action plans
- Involve employees, suppliers and conduct trainings
- Implement emissions reduction initiatives

Climate Data Integrity exercise

In 2021, Digi embarked on a Climate Data Integrity exercise with guidance from an independent advisor to better improve on its carbon and energy management and reporting standards for Scopes 1,2 and 3.

The six months initiative resulted in the development of new formalised data templates, with embedded calculations and estimations so as to minimise human errors. The data templates also presents automated historical and future projections that will allow the team to better perform trend analysis and to make informed decisions. The respective data stream owners have begun populating the templates with 2021 data and will be the standardised template used in Digi moving forward.

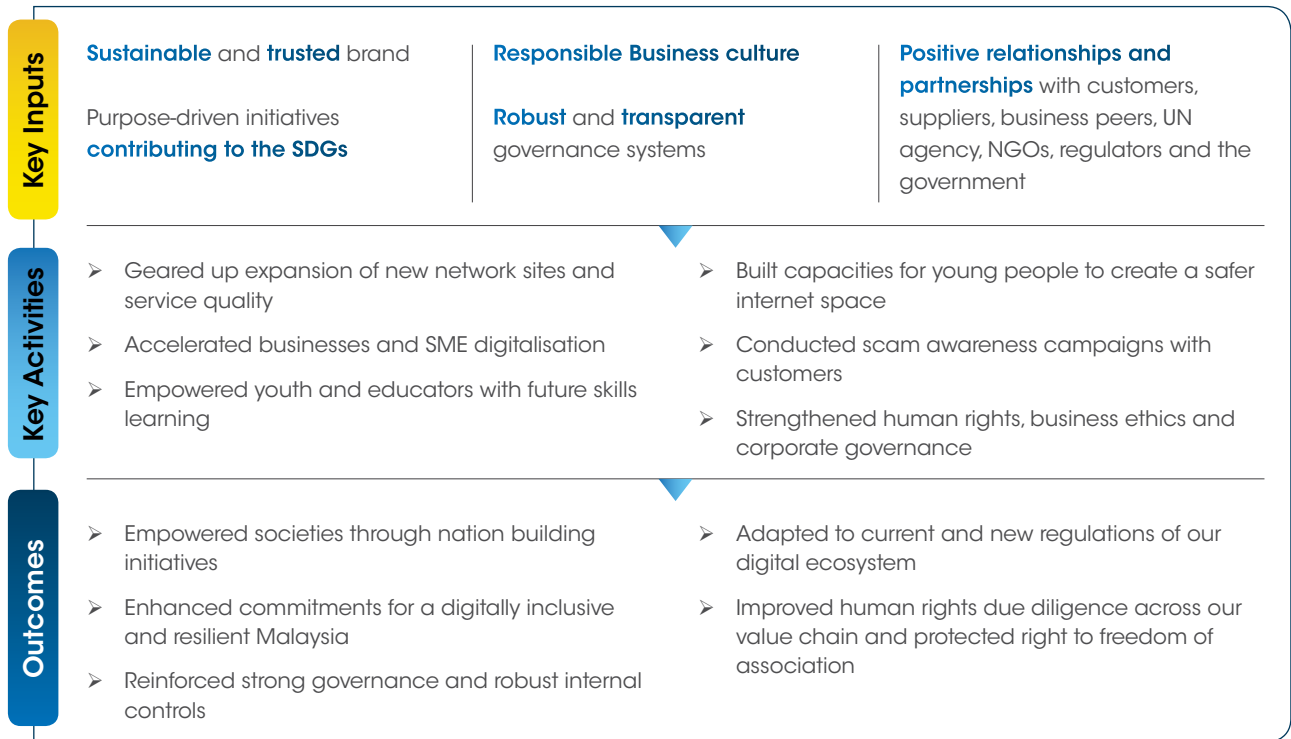
SOCIAL AND RELATIONSHIP CAPITAL

The effects of Covid-19 pandemic continued into 2021 through waves of new virus variants. In response, the government executed more stringent measures to contain the spread of the virus, and at the same time introduced recovery strategies. This include the reopening of more economic sectors and injecting fiscal aid and stimulus to resume economic growth, aligned to the nation's larger reform and development agenda as stated in the Twelfth Malaysia Plan, 2021 - 2025 (12MP): Keluarga Malaysia (Malaysian Family) to develop a 'Prosperous, Inclusive and Sustainable Malaysia'. As a connectivity provider, Digi is equally committed to the national agenda via our promise to empower societies and reduce inequalities. This purpose is embodied through our Yellow Heart commitment to operate responsibly for the collective well-being of our customers, societies and the environment.

Mapping to Our Strategy and Material Matters



(Please refer to pages 38-40 on detailed description of our Material Matters)



Challenges in securing the capital

- Uncertainties due to the pandemic, adherence to regulatory compliance, digitalisation and shifting consumer behaviours have accelerated the demands for Digi as a connectivity provider to deliver on its purpose and maintain a positive relationship with all stakeholders

Outlook - Our continuous focus:

- Support the socio-economic recovery of underserved communities
- Improve accessibility and enabling digital adoption nationwide
- Develop the next generation with skills for an accelerated digital future
- Instill strong values and controls associated with Digi products and services
- Engage stakeholders and raise standards of our operations and supply chains

Our detailed performance and outcomes created are further deliberated on the following pages.

How We Create Value



SOCIAL AND RELATIONSHIP CAPITAL

Empowering societies through nation building initiatives

As a responsible corporate citizen, Digi implemented and supported various initiatives to help the *rakyat* weather through difficult times.



Yellow Heart Education Data Packages

Alongside the CERDIK initiative by the government, Digi provided discounted data packages for more than 11,000 students from low-income households.

Supporting the Covid-19 Task Force and Frontline Hospitals

Digi zero-rated calls to critical service hotlines including Covid-19 websites, screening and admitting hospitals (as endorsed by the Ministry of Health) and telehealth providers such as DoctorOnCall. We sponsored devices with connectivity to the National Rapid Response Task Force (GKVSTF) for contract tracing management, and to multiple frontline hospitals to support the needs of patients in Intensive Care Units and for counselling services.

Covid-19 Response and Recovery

Contributed more than RM 1.5 million to communities, comprising free connectivity at *Program Perumahan Rakyat (PPR)*, free calls to helplines, and RM 750,000 channeled via our NGO partner, MERCY Malaysia to support on-going Covid-19 response and recovery efforts.

Floods Relief and Recovery Efforts

- Provided prepaid subscribers with free internet
- Pledged up to RM500,000 via aid agencies
- Total of 140 employees supported with hotel accommodation, financial aid and home/vehicle repairs
- Rallied up efforts to restore disrupted sites and initiated employee volunteerism to support communities, including recovery of affected Digi retail stores

Gearing up for a stronger digital nation



Digi continuously monitors our network capabilities to provide consistent and high-quality digital connectivity to meet customers' expectations.



We initiated a nationwide campaign #BuatLebih4Gi to drive awareness for customers to adopt 4G, coupled with affordable device plans to drive greater adoption.

Accelerating businesses and SME digitalisation

Business and digital solutions to fast track business growth

Providing customised connectivity and managed services for business transformation.

MYDigital SME Programme

Conducted webinars on the topic of e-commerce and cyber security with solution partners.

7 Episodes | > 150,000 Views

PENJANA SME Digitalisation Grant ~9,000

Businesses benefited



#KamiCareMBiz programme

Offered over RM 500,000 worth of digital solutions and mobile plans to help local micro and small business owners go digital.



Empowering educators and youth for the future

Future Skills For All (FS4A)

Micro:bit, robotics and programming
34,582*
Students and teachers enrolled up to 31 December 2021

#BOLEHCODE national coding movement
> 3,000 Students participated
> 350 Schools reached



For more information on FS4A, visit futureskills.moe-dl.edu.my

* Number of FS4A enrolment up to 31 December 2021 has been independently assured by KPMG PLT

How We Create Value

SOCIAL AND RELATIONSHIP CAPITAL

A decade-long commitment for safer internet

Digi celebrated the tenth anniversary of its flagship Safe Internet programme in conjunction with the International Safer Internet Day (SID) on 9 February. We launched the Yellow Heart Safe Internet portal, a one-stop repository of educational material to equip Malaysians with skills to be more resilient and responsible online citizens. For more information, visit safeinternet.my.



Life under Covid-19 Digital Well-being Research
Close to 1,800 students participated
 Partnering Sunway University to gather insights to guide future planning to improve children's online learning and experiences.

Advocating for a safer internet

In collaboration with like-minded partners we participated in several engagement platforms comprising online webinars and panel sessions to drive greater advocacy and awareness on the topic of child online safety.



Five regional-level safe internet workshops were conducted during the #mydigitalmaker Virtual Fair 2021.

Series of virtual workshops with subject matter experts organised by UNICEF and R.AGE to discuss about healthy relationships, including cyber-grooming. The workshops registered over 950 participants.



Collaborated with Ai Talent on a series of workshops on safe internet with children. More than 100 short awareness videos were created by the children.



Dedicated virtual hotlines to help volunteers and counsellors provide emotional support and counselling services during Covid-19.



'Championing Child Rights In The Digital Age' is a dialogue on protecting children's rights in Malaysia's digital transformation journey.

Limiting operational risks through responsible supply chain management

All new suppliers will be screened and assessed based on their financial performance, background and historical records. Digi mandates for all its suppliers to sign on the Agreement of Responsible Business Conduct (ABC) so as to ensure they meet our standards and requirements in areas of Health, Safety and Security (HSS), ethical conduct, human rights and environmental management.



179*

New suppliers who signed the ABC
(FY2020: 130)



2,099

Total suppliers who have signed the ABC to date
(FY2020: 1,920)

From the inspections carried out, non-compliances were identified on matters-related to health and safety, prohibited business practices, human rights, environment, cyber security and breach of regulatory compliance. We required suppliers to develop corrective action plans based on the outcome of the inspections conducted. Suppliers who fail to meet the minimum requirements will be given time to work on the corrective action plan, failing which will result in serious consequences such as suspension or even termination.

Number of inspections conducted

Unannounced	Announced	Total
509	1	510
(FY2020: 463) (FY2019: 429)	(FY2020: 48) (FY2019: 30)	(FY2020: 511) (FY2019: 459)

Number of findings

Major	Minor
16	45
(FY2020: 5) (FY2019: 9)	(FY2020: 194) (FY2019: 203)

Number of suppliers terminated

2
(FY2020: 3) (FY2019: 1)

Total supplier training hours

We conducted periodical trainings to advocate on best practices including laws and regulation on HSS and human rights aspects. In 2021, **5,635 training hours were recorded.** The increase in training hours for 2021 was partly attributed to the mandatory supplier training assessment implemented towards mid last year.



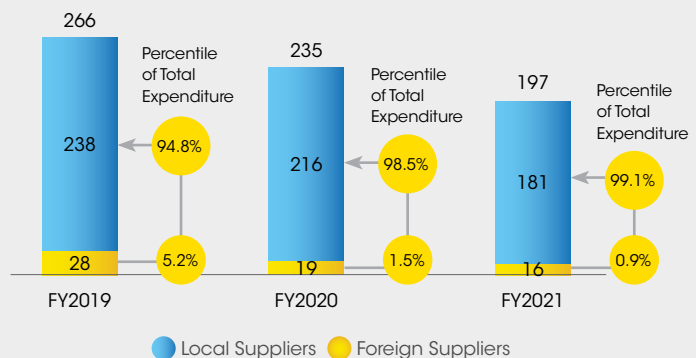
5,635

training hours
(FY2020: 2,426)
(FY2019: 2,594)

Promoting sustainable local procurement

As part of responsible sourcing practices, Digi promotes local procurement to reduce our carbon miles and to support the local economy. The spending percentile breakdown of local and foreign suppliers is shown below.

Number of suppliers appointed



* Number of new suppliers signing Digi's ABC FY2021 has been independently assured by KPMG PLT

How We Create Value



SOCIAL AND RELATIONSHIP CAPITAL

Limiting operational risks through responsible supply chain management (Continued)

**Remote inspections as a way forward**

Due to travel restrictions, we piloted an initiative to perform inspections virtually by deploying video cameras on site. The Supply Chain Sustainability (SCS) team was able to track and monitor site work through this deployment. A total of three Tier-1 suppliers has implemented the usage of cameras (236 units deployed in total) on sites that they are responsible for.

Introduction of Digi Knowledge Assessment Tool (DKAT)

DKAT is a standalone web solution to assess suppliers on their training knowledge after they undergo Digi's training or courses on topical issues and technical competencies. Certification of completion is issued to suppliers completing the assessments for the assigned modules.

Reinforcing our commitment for business continuity



Digi is accredited with BCMS ISO 22301:2019 by the British Standards Institution (BSI). This requires Digi to implement, maintain and improve the management system to timely protect, mitigate and recover from disruptions.

This reinforces our commitment to deliver reliable products and services to our customers, business partners, and stakeholders, in assurance that Digi has adopted the best practices and processes to mitigate disruptions in business.

Emphasising strong governance and robust internal controls

Strengthening compliance way of work and mindset



Governance Unit

- Review and implement Digi's policies and manuals under the Governance Work Programme (GWP) 2021, where the framework for governing documents were simplified
- Compliance case management and analytics



Risk and Monitoring

- Conduct Compliance risk assessment and monitoring activities for second line of defence (privacy, supply chain, legal and procurement)
- Conduct Integrity Due Diligence (IDD) background check on all high-risk business partners
- Bribery risk assessment workshops for all Heads of Departments to analyse divisional risk registers and establish a portfolio view of corruption risks at enterprise level



Knowledge Unit

- Compliance capacity building for all employees through awareness and training programmes including Speak Up Campaign, Anti-Corruption Day, Responsible Business Summit, and targeted training such as Anti-Money Laundering
- Digi's Anti-Corruption Day is held annually on 9 December in recognition of International Anti-Corruption Day. Company-wide trainings and awareness were carried out to educate employees and to reinforce our zero-tolerance policy towards corruption

Other Initiatives

- Implementing the ISO 37001: Anti-Bribery Management System standards to improve the organisation's culture of integrity, governance and anti-corruption, reputation and the commitment of its top management and governing body
- ISO 37001 workshop were conducted with all the Head of Departments to identify risk of corruptions in their respective departments
- Appointment of Compliance monitor in each division to promote better governance across the business
- Formation of Governance Risk and Compliance (GRC) committee to deliberate significant GRC matters and subsequently formulate appropriate responses to address them

Integrity Hotline

A confidential channel to report concerns and raise questions about possible breaches of Digi's Code of Conduct, including relevant laws, regulations and Governing Documents. Visit telenorgroup.integrityline.com

24 hours/7 days a week

For all employees, suppliers, stakeholders and general public

Can opt to remain anonymous throughout the process

100%

Acceptance rate by Digizens on the Code of Conduct 2021

92%

Agree that Digi's compliance initiatives help them better understand the Code of Conduct
Pulse Survey 2021 (87% Digizens participated)

100%

Completion rate of Digi's Anti-Corruption e-Learning module on Telenor Academy

How We Create Value

SOCIAL AND RELATIONSHIP CAPITAL

Adherence to existing and emerging regulatory requirements

Regulatory Compliance



Digi complies to regulatory requirements and supports the Malaysian Communications and Multimedia Commission (MCMC) to monitor and track progress against on-going initiatives such as JENDELA and compliance to all Mandatory Standards under MCMC’s purview. We drive greater accessibility and affordability through network expansion, industry collaboration, and product and service offerings.

Pusat Ekonomi Digital Malaysia (PEDi)

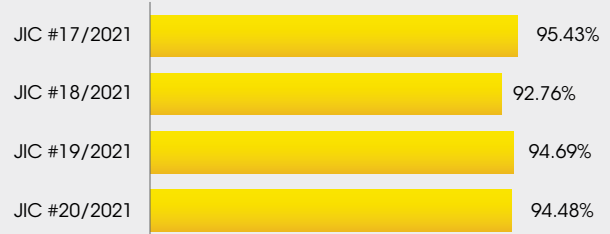
The Universal Service Provision (USP) programme aims to expand network infrastructures to underserved areas to close the digital divide. The programme includes operating PEDi internet centres across Malaysia for facilitating internet access, e-learning, digital skills and digital entrepreneurship upskilling for local communities. Since 2021, digital entrepreneurial programmes were conducted for SMEs. Digi operates 132 PEDi nationwide.



Consumer Complaint Handling

Managing consumer complaints on network performances is a key measurement in the national JENDELA initiative. Digi actively resolves such complaints lodged through MCMC’s Aduan portal and progress are tabled fortnightly at MCMC’s JENDELA Implementation Committee (JIC). The committee reviews the progress and development of all plans within the JENDELA initiative.

Total Complaints Resolved by Digi (%)



The above results were measurements taken in Q4 2021.

Advocating for Consumer Safety Against Scams

Digi supported MCMC on a crime prevention awareness campaign for consumers to recognise and report tactical scams via phone calls, SMS and Transaction Authentication Codes (TAC). This complements Digi’s Yellow Heart Scam awareness campaign.

Upholding human rights and protecting freedom of association

Digi is committed to respecting human rights as set out in the The United Nations Guiding Principles on Business and Human Rights (UNGPs). We integrate human rights aspects within our operations and conduct a Due Diligence exercise every alternate year to assess and mitigate any forms of human right risks in our value chain. The 2021/2022 assessment covered 19 material areas (e.g. Workers Wellbeing and Safety, Working Environments, Working Conditions, Modern Slavery, Digital Inclusion and Literacy, Corruption and Bribery, Collective Bargaining and Freedom of Association, Environmental and Infrastructure Impacts, etc) under the purview of 12 departments in Digi.

Advocacy of Human Rights in Digi



- Conducted a capacity building workshop on 'Making Business and Human Rights a Way of Work' for employees during the annual Responsible Business Summit
- Digi's Code of Conduct (Code) adheres to the UNGPs and the International Labour Organisation (ILO) standards
- Human Rights principles are integrated into the Agreement of Responsible Business Conduct (ABC) to ensure strict adherence by Digi's suppliers and business partners

In 2021, Digi engaged with key stakeholders from International Labour Organisation (ILO), UNICEF and IO Foundation on the topic of Human Rights

Freedom of Association

Digi employees are represented by the Digi Telecommunications Sdn. Bhd. Employees Union (DGEU) and the Best on People Council (BOPC). Both entities are formed via democratic process by election of representatives across Digi.



RESPONSIBLE BUSINESS

Embedded in our way of work

Responsible business remains a foundation of how we operate. We want to continue to be recognised as a leader on sustainable business standards and ESG practices in Malaysia, building trust among stakeholders and meeting the increasing expectations of employees, investors, customers, and the society at large.





300,000

users engaged via Yellow Heart programmes on digital resilience and future skills

#1

Malaysian telco for ESG standards & performance (maintain 2020 position)

Board of Directors' Profiles



HAAKON BRUASET KJOEL

50, Male, Norwegian

Non-Independent
Non-Executive
Director

Date of
Appointment
11 July 2017

Length of Service
(as at 31 March 2022)
4 years 8 months

Meetings
Attended
11/11

Chair of the Board,
Chair of Remuneration Committee,
Nomination Committee Member

ACADEMIC / PROFESSIONAL QUALIFICATIONS / MEMBERSHIPS

- Master of Business Administration degree (Executive) from BI Norwegian Business School, Oslo
- Studied public relations at BI Norwegian Business School, Oslo

PRESENT DIRECTORSHIP(S)

- Grameenphone Ltd, Bangladesh
- Total Access Communication Public Company Limited, Thailand, dtac

RELEVANT EXPERIENCE

- 27 years of experience in Telenor Group across Europe and Asia in the area of operational development, merger and acquisition, public and regulatory affairs (1995-present)
- Board of Directors of several Telenor Group Companies in Singapore, Bangladesh, Thailand and Malaysia (2011-present)
- Board Member of Digi Telecommunications Sdn. Bhd. (2017-present)

- Non-executive Director of the global architect and design company Snøhetta AS, headquartered in Oslo, Norway (2020-present)
- Chief Strategy and Transformation Officer at Total Access Communication Public Company Limited, Thailand, dtac (2019- 2020)
- Senior Vice President, Partner and External Relations Asia for Telenor Group (2018-2019)
- Acting Executive Vice President and Chief Corporate Affairs Officer for Telenor Group (July-October 2018)
- Senior Vice President and Head of Group Public and Regulatory Affairs for Telenor Group (2016-2018)

AREAS OF EXPERTISE

- Telecommunications
- Strategy Development
- Leadership
- Legal & Regulatory



VIMALA V.R. MENON

67, Female, Malaysian

Senior
Independent
Non-Executive
Director

Date of
Appointment
1 July 2015

Length of Service
(as at 31 March 2022)
6 years 8 months

Meetings
Attended
11/11

Board Member,
Chair of Audit and Risk Committee

ACADEMIC / PROFESSIONAL QUALIFICATIONS / MEMBERSHIPS

- Fellow of the Institute of Chartered Accountants in England and Wales
- Member of the Malaysian Institute of Accountants (MIA)

RELEVANT EXPERIENCE

- Board Trustee of Yayasan Tunku Abdul Rahman (2021-present)
- Board Member of Digi Telecommunications Sdn. Bhd. (2021-present)
- Lead Independent Director and the Board Audit Committee Chairman of Jardine Cycle & Carriage Limited (2017-2021)
- Independent Director and Chairman of the Board Audit Committee of Petronas Dagangan Berhad (2011-2020)
- Senior Independent Director and Chairman of the Board of Audit Committee of Petronas Chemical Group Berhad (2010-2019)

- Board member of Prince Court Medical Centre Sdn. Bhd. (2011- 2018)
- Nominee Director of Khazanah Nasional Berhad on the Board of Destination Resorts and Hotels Sdn. Bhd. (2011-2015)
- Board Trustees of Pemandu Corporation (2014-2017)
- Director of Finance and Corporate Affairs at Proton Holdings Berhad (2008-2009)
- Board member of PT Astra International Tbk (2000-2003)
- Held various positions in EON Berhad spanning 23 years from Accounts Manager to Director of Finance and Corporate Services / Board member (1984-2007)

AREAS OF EXPERTISE

- Leadership
- General Management
- Accounting & Finance
- Legal & Regulatory
- Strategy Development

Board of Directors' Profiles



DATUK IAIN JOHN LO

60, Male, Malaysian

Independent
Non-Executive
Director

Date of
Appointment
24 May 2021

Length of Service
(as at 31 March 2022)
10 months

Meetings
Attended
6/6

Board Member,
Audit and Risk Committee Member,
Nomination Committee Member

ACADEMIC / PROFESSIONAL QUALIFICATIONS / MEMBERSHIPS

- Master of Science in Civil Engineering from the University of California, Los Angeles
- Bachelor of Science in Civil Engineering from the University of California, Los Angeles

PRESENT DIRECTORSHIP(S)

- RHB Investment Bank
- RHB Bank Berhad
- Sapura Energy Berhad

RELEVANT EXPERIENCE

- Independent Director of RHB Bank Berhad (2020-present)
- Independent Director of RHB Investment Bank and Member of Board Audit and Nomination and Remuneration Committee of RHB Bank Berhad (2021-present)
- Independent Director of Sapura Energy Berhad (2021-present)

- Chairman of Board Risk Management Committee of Sapura Energy Berhad (2021-present)
- Country Chairman of Shell Malaysia Limited (2012-2021)
- Asia Pacific Commercial Vice President for Shell's E&P and Integrated Gas businesses (2017-2021)
- Chairman of Shell refining Company Bhd (2012-2016)
- Managing Director of Sarawak Shell Berhad and Sabah Shell Petroleum (2012-2016)
- Board member of Singapore's Economic Development Board (2009-2012)
- Held various positions in Shell engineering business development, commercial and corporate roles based in Malaysia, Singapore and Netherlands (1990-2021)

AREAS OF EXPERTISE

- Leadership
- Strategy Development
- Health, Safety and Environment
- General Management



YASMIN BINTI ALADAD KHAN

63, Female, Malaysian

Independent
Non-Executive
Director

Date of
Appointment
23 July 2013

Length of Service
(as at 31 March 2022)
8 years 8 months

Meetings
Attended
11/11

Board Member,
Chair of Nomination Committee,
Audit and Risk Committee Member,
Remuneration Committee Member

ACADEMIC / PROFESSIONAL QUALIFICATIONS / MEMBERSHIPS

- Master of Business Administration from Aston University
- Member of the Advisory Board of Singapore Management University

RELEVANT EXPERIENCE

- Director of DHL's subsidiaries in Asia Pacific (2003-present)
- Executive Vice President, Commercial, DHL Express, Asia Pacific (excluding China) (2019-present)
- Executive Vice President, Area Director, Emerging Markets and Commercial, DHL Express, Asia Pacific (excluding China) (2015- 2019)
- Senior Vice President, South East Asia and South Asia for DHL Express (2004-2015)
- Country Manager in DHL Singapore (2003-2005)
- Country Manager in DHL Malaysia (2001-2003)

- Chief Operating Officer of GE International Inc, Thailand (1999-2003)
- Director, Business Development of GE International Inc, Thailand and Malaysia (1997-1998)
- Vice President, Corporate and Investment Banking at JP Morgan Chase (1986-1996)
- Credit Analyst, JP Morgan Chase (1983-1985)

AREAS OF EXPERTISE

- Leadership
- Commercial Marketing
- Environmental Sustainability
- Strategy Development
- Human Resource

Board of Directors' Profiles



LARS ERIK TELLMANN

50, Male, Norwegian

Non-Independent
Non-Executive
Director

Date of
Appointment
12 July 2019

Length of Service
(as at 31 March 2022)
2 years 8 months

Meetings
Attended
10/11

Board Member,
Audit and Risk Committee Member

ACADEMIC / PROFESSIONAL QUALIFICATIONS / MEMBERSHIPS

- Master in Business Administration (MBA) from Heriot-Watt University, Edinburgh
- Master of Science in Business (M.Sc./ Siviløkonom) degree from NORD University in Norway

PRESENT DIRECTORSHIP(S)

- Grameenphone Ltd, Bangladesh

RELEVANT EXPERIENCE

- Board of Directors of several Telenor Group Telecom and FinTech Companies in Bangladesh, Pakistan, Myanmar and Malaysia (2011-present)
- Head of Telenor Financial Services in Singapore, Telenor Asia Ltd (2019-present)
- Board Member of Digi Telecommunications Sdn. Bhd. (2019-present)

- Board member of Carousell in Singapore (2020-present)
- Senior Vice President and Head of Business Development and Portfolio Management, Telenor Asia Ltd (2018-2019)
- Chief Executive Officer of Telenor Myanmar Ltd (2016-2018)
- Chief Financial Officer of Telenor Myanmar Ltd (2013-2016)

AREAS OF EXPERTISE

- Leadership
- Telecommunications
- Strategy Development
- Accounting & Finance
- General Management



WENCHE MARIE AGERUP

57, Female, Norwegian

*Non-Independent
Non-Executive
Director*

**Date of
Appointment**
15 October 2020

Length of Service
(as at 31 March 2022)
1 year 5 months

**Meetings
Attended**
11/11

Board Member,
Remuneration Committee Member

ACADEMIC / PROFESSIONAL QUALIFICATIONS / MEMBERSHIPS

- Master of Business Administration from Babson College, USA
- Master's degree in Law from University of Oslo

PRESENT DIRECTORSHIP(S)

- TGS ASA

RELEVANT EXPERIENCE

- Chair of the Board and Board member of Telenor Pakistan Limited (2020–present)
- Senior Vice President and Head of Board Governance and Support for Telenor Asia (2020–present)
- Board member of Digi Telecommunications Sdn. Bhd. (2020–present)
- Board members for several international companies listed in Norway in the oil and energy industry (Equinor ASA 2015–2020, TGS ASA 2015–present)
- Executive Vice President, Corporate Affairs and General Counsel in Telenor (2015–2018)

- Various senior roles as plant manager, Head of Corporate M&A, Project Director and Executive Vice President and General Counsel in Hydro ASA, Norwegian conglomerate (1998–2015)
- Legal Counsel in Hafslund Nycomed ASA (1993–1997)

AREAS OF EXPERTISE

- Legal & Regulatory
- Strategy Development and M&A
- Environmental Sustainability
- Human Resource
- Leadership

Save as disclosed, none of the Directors have any:-

1. Family relationship with any Director and/or major shareholders of the Company;
2. Conflict of interest with the Company; and
3. Conviction of offence within the past 5 years nor public sanctions or penalty imposed by the relevant regulatory bodies during the financial year other than traffic offences

Management Profiles

ALBERN MURTY

Chief Executive Officer

Year of appointment: 2015

Malaysian

Male

49

CAREER HISTORY

- Held multiple roles in Digi, including Product Management and Product Development, Head of Strategy and New Business, Chief Marketing Officer and Chief Operating Officer
- Held business and commercial management roles in Lucent Technologies across the Asian region

ACADEMIC QUALIFICATIONS

Bachelor of Science in Marketing and Advertising Management, Portland State University, Oregon, USA

OTTO MAGNE RISBAKK

Chief Financial Officer

Year of appointment: 2021

Norwegian

Male

60

CAREER HISTORY

- Held multiple roles in Telenor, including Chief Financial Officer (CFO) of Telenor Denmark and was Senior Vice President of Mergers and Acquisitions
- Held several finance leadership positions in large industrial firm Norsk Hydro from 1998-2007, including as CFO for the Automotive Division, and Vice President for International Business Development

ACADEMIC QUALIFICATIONS

Degree in Business Administration and Management, University de Fribourg, Switzerland



PRAVEEN RAJAN

Chief Marketing Officer

Year of appointment: 2020

Malaysian

Male

43

CAREER HISTORY

- Held multiple positions in Digi, including Head of Advanced Data Services, Head of Products – Internet & Services, Head of Postpaid & Digital Services and Chief Digital Officer
- Co-founder and Chief Technology Officer, LifeLogger, a social networking startup

ACADEMIC QUALIFICATIONS

Bachelor of Engineering in Electronics and Computing, Nottingham Trent University, Nottingham, England

CHENG WENG HONG

Chief Sales Officer

Year of appointment: 2020

Malaysian

Male

43

CAREER HISTORY

- Held multiple roles in Digi, including Head of Consumer Sales, Head of Retail and Controlled Channels, and in Product Development
- Held leadership roles at Trisilco-folec

ACADEMIC QUALIFICATIONS

Bachelor of Engineering in Civil and Computing, Monash University, Australia



Management Profiles

KESAVAN SIVABALAN

Chief Technology Officer

Year of appointment: 2017

Malaysian

Male

53

CAREER HISTORY

- Held multiple roles in Digi, including Chief Network Officer and Head of Technology Operations
- Held the position of General Manager, Access Network at Vodafone Australia
- Held various roles within the telecommunications industry across Asian and European markets including Malaysia, Germany, Australia, Cambodia, Vietnam and Bangladesh, working with network vendors like Lucent and Ericsson, and operators like Maxis and Vodafone

ACADEMIC QUALIFICATIONS

- Bachelor of Business, Deakin University, Australia
- Master of Science in Enterprise Project Management, Stevens Institute of Technology, New York, USA

EUGENE TEH

Chief Business Officer

Year of appointment: 2018

Malaysian

Male

47

CAREER HISTORY

- Previously Digi's Chief Corporate Affairs Officer
- Held the position of Director, Performance Management and Delivery Unit (PEMANDU) at the Prime Minister's Department
- Held senior leadership roles in Arthur D. Little, and McKinsey & Co and a Senior investment officer at Singapore's Economic Development Board

ACADEMIC QUALIFICATIONS

Master of Science in Electrical Engineering and Computer Science, University of California Berkeley, USA



MANAGEMENT
PROFILES

ELISABETH MELANDER STENE

Chief Human Resource Officer

Year of appointment: 2018

Norwegian

Female

56

CAREER HISTORY

- Held the position of Chief Human Resource Officer at Multiconsult, a Norway based engineering company
- Held various senior roles both at Telenor Group and Business Unit level across various commercial and HR functions, including serving as Chief HR Officer at Uninor, a Telenor subsidiary in India

ACADEMIC QUALIFICATIONS

- Bachelor of Science, University of Salford, England
- Master of Science, London School of Economics and Political Science, England

JOACHIM RAJARAM

Chief Corporate Affairs Officer

Year of appointment: 2018

Malaysian

Male

45

CAREER HISTORY

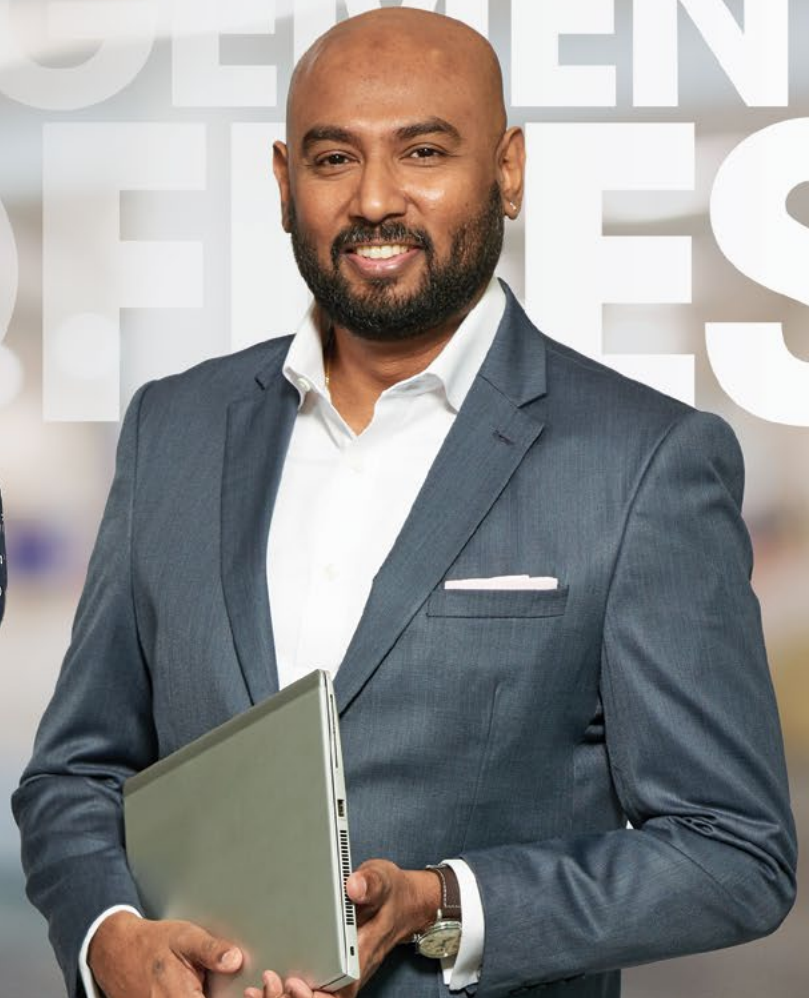
- Held multiple roles in Digi and Telenor, including Head of Corporate Communications in Telenor Myanmar and Head of Communications and Sustainability at Digi

ACADEMIC QUALIFICATIONS

- Bachelor of Laws (LLB), University of London, England
- Executive Education Programmes, London Business School, England

Save as disclosed, none of the Senior Management have any:-

1. Family relationship with any Director and/or major shareholders of the Company;
2. Conflict of interest with the Company; and
3. Conviction of offence within the past 5 years nor public sanctions or penalty imposed by the relevant regulatory bodies during the financial year other than traffic offences



MANAGEMENT PROFILES

Corporate Governance Overview Statement

OVERVIEW OF OUR APPROACH TO CORPORATE GOVERNANCE

The Board of Directors (the Board) sets and steers the direction of Digi Group (Digi and its subsidiaries) and brings independent, informed and effective judgement on material decisions reserved for the Board. The Board also ensures that strategy, risk, performance and sustainable development considerations are effectively integrated and appropriately balanced. Recognising the importance of good corporate governance, the Board is committed to uphold high standards of business integrity and ethics and has worked with the Management to maintain these standards through the course of the year. For a fair view of the Board's priorities and the Company's corporate governance practices in 2021, this statement is to be read together with the Corporate Governance Report (CG Report). The CG Report elaborates on the Company's application of each Principle of the Malaysian Code of Corporate Governance (MCCG) updated in 2021 for the financial year under review. This statement should also be read alongside the Statement on Risk Management and Internal Control (SORMIC).

SUMMARY OF CORPORATE GOVERNANCE PRACTICES

Digi has applied all applicable Practices set out in the MCCG (updated 2021) for the financial year ended 31 December 2021 save for the below provisions of the MCCG. A more thorough description in the manner which Digi is addressing these departures are set out in the CG report which is available on Digi's website as well as via the announcement on the portal of Bursa Malaysia Securities Berhad (Bursa Malaysia).

Practice 1.4

The Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee

Practice 5.2

At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors

Practice 8.2

The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000

Practice 13.6

Minutes of the general meeting should be circulated to shareholders no later than 30 business days after the general meeting

In order for the Board to be able to effectively monitor Digi's crisis management, the Board has met up on a regular basis throughout 2021 to monitor the impact of the Covid-19 pandemic on Digi's operations and how Management was responding to the developments and following through with the initiatives taken by Digi for the continuity of its operations whilst constantly fostering a safe work environment for its employees. The Board emphasises and fosters a positive safety and health culture. The Health and Safety (HS&S) topic has been made the focus and mandatory agenda in Board meetings. The Management is advised to continually engage Board in discussion on HS&S and risk issues during Board meetings. Digi has now set up a working committee to support the implementation of a HS&S roadmap which will extend to a more leadership involvement.

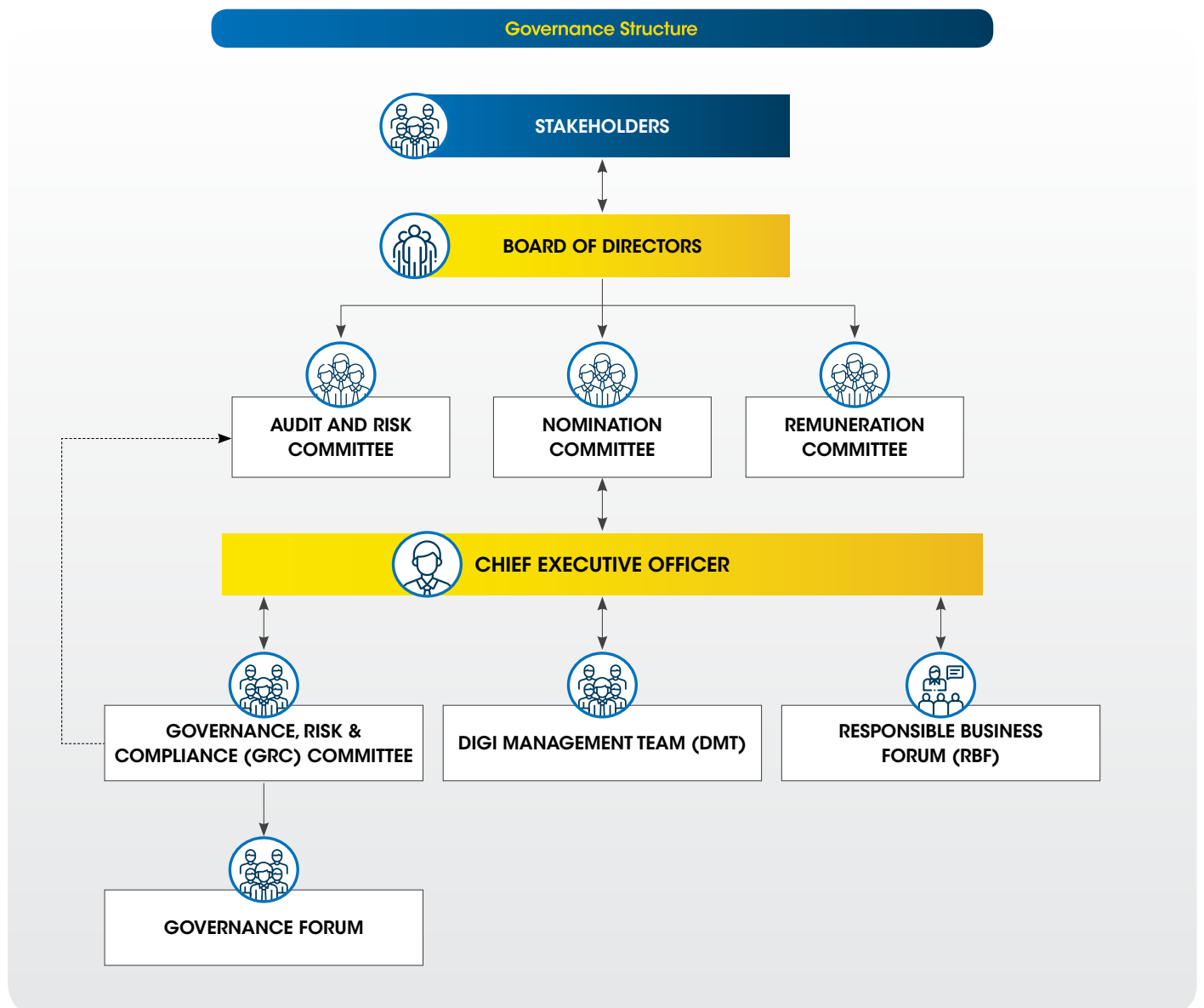
Corporate Governance Overview Statement

All Board meetings and communications were held through video conferencing during the Movement Control Order.

STATEMENT BY THE BOARD ON CORPORATE GOVERNANCE

The Board is pleased to report to its shareholders that to the best of its knowledge, Digi has complied with and shall remain committed to attaining the highest possible standards of corporate governance through the continuous adoption of the principles and best practices of the MCCG (updated 2021), and all other applicable laws. The status of the Company's application is reported in our CG report.

EMBRACING VALUES AND PRINCIPLES OF GOOD GOVERNANCE



Corporate Governance Overview Statement

The Board is dedicated to enhance Digi's corporate governance practices which has shaped the way Digi operates. The Board believes in a structured governance to identify and manage Digi's business systematically to address risks and maximise the positive impact to the business, whilst conforming to global sustainability standards. Digi's approach is one of continuous improvement.

Digi's culture is defined through the Digi Way of Work, the Code of Conduct (the Code), Whistle Blowing Policy and Manual, Anti-Corruption Policy, No Gift Policy, and Health, Safety and Environmental (HSE) Policy. These policies are accessible in Digi's website at <https://www.digi.com.my/our-company/our-governance>. Various activities are conducted to increase awareness amongst employees, essential to instill a compliance culture within Digi's Group. Digi is committed to the highest standards of transparency and to be accountable for the impact on the operations, products and services, and environmental footprint of the value chain Digi operates in.

The Board believes that upholding high standards of corporate ethics is key to long-term value creation and will contribute directly to improved business performance. The Board has zero tolerance for corruption and Digi Group's corporate values and ethical standards represent an important foundation for implementing our governance framework.

Digi's efforts have positioned the Company amongst the top ASEAN Public Listed Companies in terms of corporate governance effectiveness, and quality of disclosure has instilled investors' confidence in Digi.

These continuous efforts are reflected through Digi's high scoring in Governance pillar across various environmental, social and governance (ESG) rating assessments conducted by reputable index providers such as FTSE4Good, MSCI and Sustainalytics. As one of the largest listed telecommunication companies in Malaysia, Digi will continuously communicate with all stakeholders on its good corporate governance practices whilst providing ample opportunities for public feedback through Investor Relations engagements and all relevant stakeholders communication channels.

HOW SUSTAINABILITY IS EMBEDDED IN THE GOVERNANCE STRUCTURE

Sustainability matters in Digi are addressed as part of Digi's overall Responsible Business (RB) strategic pillar. The RB covers material issues relating to ESG indicators; Risk Management, Sustainability, Anti-Corruption, Data Protection, Cyber Security, Supply Chain, Health and Safety, Climate Change, and Diversity and Inclusion. These are governed across different leadership levels within the organisation - the Board, Management, key departments and support functions. Digi's sustainability framework defines the governance structure and the responsibilities of each party within.

Digi addresses our Governance, Risks, Compliance and Sustainability matters at the Responsible Business Forum and the Governance, Risk and Compliance (GRC) committee.

On the operational level, the key departments and functions involving Sustainability; Compliance; Supply Chain Management; Health, Safety and People Security; Privacy and Security, are working alongside Human Resource and Enterprise Risk Management to oversee the daily operations of RB to meet the non-financial Key Performance Indicators (KPIs).

Responsible Business Forum (RBF)

The RBF oversees the progress, issues and updates of material issues identified in Digi's Materiality Matrix and is under the purview of the Chief Corporate Affairs Officer (CCAO). These material issues are discussed and deliberated at the forum, chaired by the Chief Executive Officer (CEO). Other members of the forum include the Chief Human Resource Officer (CHRO), Chief Financial Officer (CFO), Chief Technology Officer (CTO) and other senior leadership members. When needed, some material issues are brought to the Board's agenda for further dialogues and guidance.

Key functions of the RBF are to:

- Formulate RB roadmaps, strategies and goals;
- Oversee ESG priorities, opportunities and non-financial reporting performances; and
- Support and guide departments to meet RB goals.

Corporate Governance Overview Statement

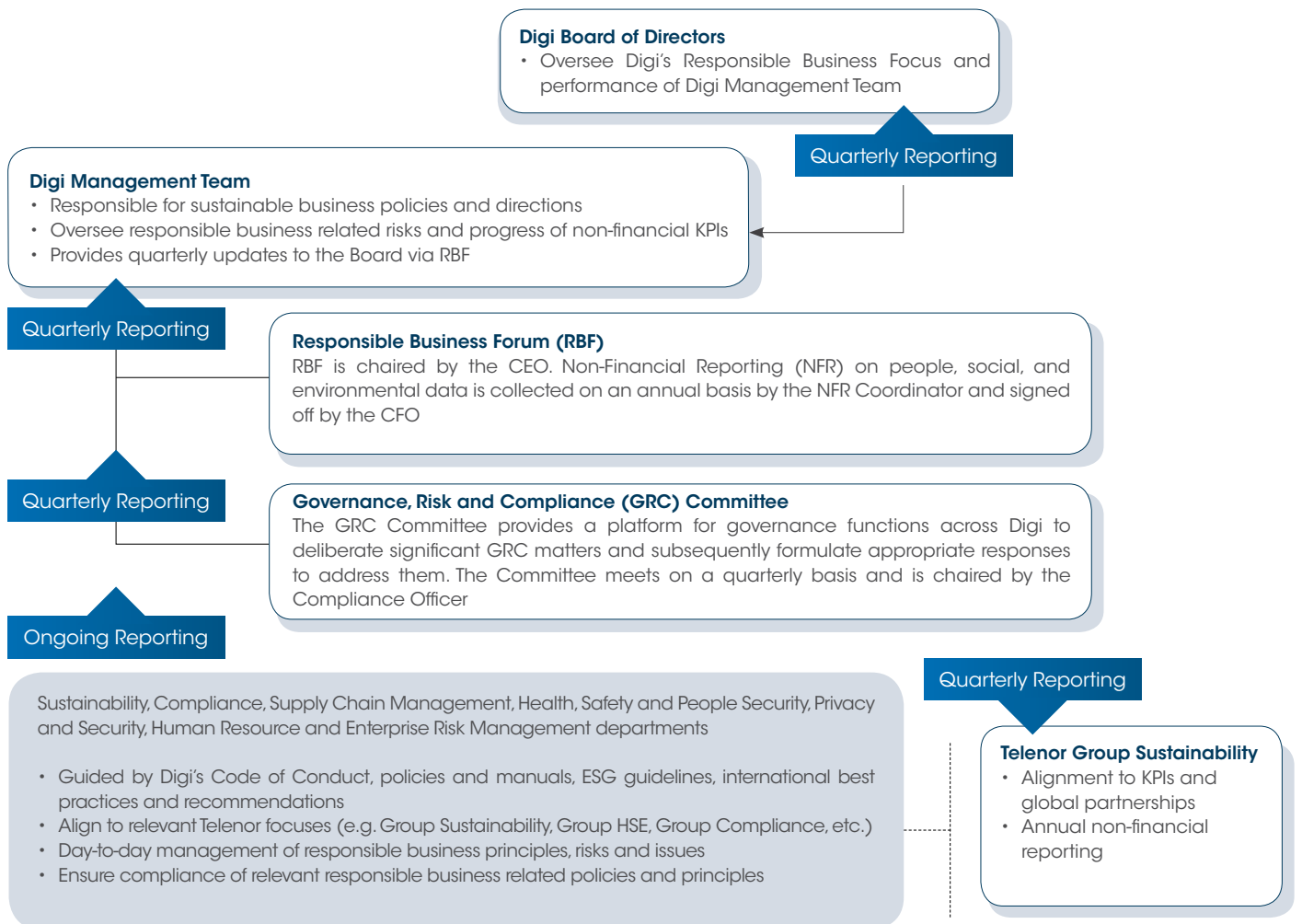
Governance, Risk and Compliance (GRC) Committee

The GRC Committee is an avenue for Digi’s governance functions to share insights and strengthen effectiveness across the three lines of defense. The GRC Committee consists of the Head of Compliance, Head of Internal Audit, Head of Enterprise Risk Management and Head of Sustainability. The GRC Committee convenes quarterly through the Responsible Business Forum where GRC matters, challenges and solutions are discussed. Significant matters requiring further deliberation are escalated to the CEO and Audit and Risk Committee (ARC) as necessary to ensure prompt resolution.

Key functions of the GRC Committee are to:

- Provide guidance on GRC matters in alignment with Digi’s corporate governance controls and industry best practices;
- Deliberate the adequacy and effectiveness of GRC policies, procedures and initiatives to ensure that enterprise risks are effectively managed;
- Promote efficient resource allocation through the holistic oversight of GRC initiatives to minimise overlaps and duplication of effort; and
- Assist the CEO and ARC in fulfilling its oversight responsibilities on GRC matters.

DIGI SUSTAINABILITY GOVERNANCE FRAMEWORK



Corporate Governance Overview Statement

In stricter adherence to the updated MCCG in 2021, Digi has taken considerable measures, both existing and new practices to enhance Board oversight and the integration of sustainability considerations in the strategy and operations of Digi. The Board together with Management takes responsibility for the governance of sustainability in Digi including setting Digi’s sustainability strategies, priorities and targets and ensures that the performance against these targets are communicated to its internal and external stakeholders. The Board takes appropriate action to ensure they stay abreast with and understand the sustainability issues relevant to Digi and its business, including climate-related risks and opportunities. The CCAO is dedicated to drive strategic focus in managing sustainability, including the integration of functional considerations in Digi.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

Digi’s Board has the appropriate balance of knowledge, skills, experience, diversity and independence to objectively and effectively discharge their governance role and responsibilities.

The diversity in its membership creates value by promoting better decision-making and effective governance and the Board has escalated its efforts to establish a diverse Board with a variety of skills, experience, age, cultural background and gender. Similarly, the Board is committed to developing a corporate culture that embraces all aspects of diversity and inclusion practices in the Group. The Board of Digi is guided by its Board Diversity Policy and accessible in Digi’s website at <https://www.digi.com.my/our-company/our-governance>.

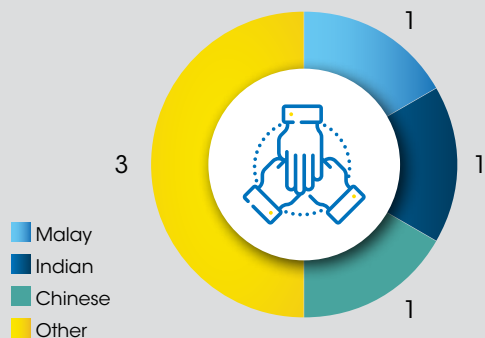
Board Balance and Composition



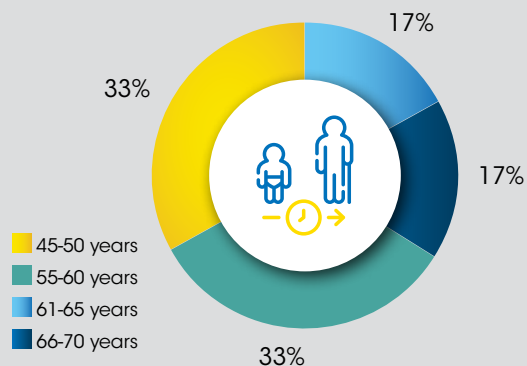
Female Representative



Ethnic Diversity



Age Diversity



Corporate Governance Overview Statement

Board Skills and Diversity

The Board is diverse in demographics, skills and experience. The Board has members with a broad range of skills that can help create value in the interests of all stakeholders.

Industry Background

- Telecommunications

International Experience

- Global
- Regional

Functional Experience

- Information Technology
- Logistics
- Oil and Gas
- Banking
- Leadership
- Sales and Marketing
- Legal and Regulatory
- Operations
- Merger and Acquisitions
- Audit
- Corporate Governance, Risk Management and Internal Control
- Accounting and Finance
- Taxation
- Sustainability
- Human Resource
- Project Management/Engineering
- Strategy Development

Length of Service

50%	0 to less than 4 years 3 Directors
33%	4 to less than 7 years 2 Directors
17%	7 to less than 9 years 1 Director

Board Roles and Responsibilities

The roles of the Chair of the Board and CEO are separated and held by different individuals. Whilst the Chair of the Board provides leadership of the Board, the CEO heads the Management Team for the day-to-day management of the business. The CEO has been delegated certain powers to execute transactions that are guided by the CEO's charter and in accordance with the authority limits as defined and formalised.

The following Board Committees have been established to assist the Board in its oversight function with reference to specific responsibility areas:

- Audit and Risk Committee (ARC)
- Nomination Committee (NC)
- Remuneration Committee (RC)

The Board Committees review matters within their Terms of Reference (TOR) and make recommendations to the Board for approval, where relevant. The Board is kept apprised of the activities of the Board Committees through circulation of minutes of meetings of the Board Committees and update on meeting deliberations and outcomes by the respective chairpersons of the Board Committees at meetings.

Overview of the roles of the Board

Chair of the Board

- Leads and manages the Board's effectiveness with a keen focus on strategy, governance, risk and compliance;
- Leads Board meetings, sets the agenda and promotes a culture of open debate between the Directors;
- Regularly engages with the CEO and the Management Team to stay informed on operational matters; and
- Ensures effective communication with shareholders.

Non-Executive Directors

- Contribute to developing Digi's strategies; and
- Scrutinise and constructively challenge the performance of Management in the execution of Digi's strategies.

Corporate Governance Overview Statement

Senior Independent Non-Executive Director (Sr INED)

- Provides a sounding board to the Chair and appraises his performance;
- Acts as intermediary for other Directors, if needed; and
- Responds to shareholders' concerns as and when other channels are exhausted.

Matters reserved for the Board

- Review, approve and adopt Digi Group's strategic plans and annual targets;
- Overseeing and evaluating the conduct and performance of Digi Group's business;
- Declaration of dividends, approval of financial statements, annual and quarterly reports of Digi and ensure integrity of financial and non-financial reporting;
- Strategic investment, mergers and acquisition, divestment and any corporate exercises;
- Material acquisitions and disposition of assets not in the ordinary course of business;
- Reviewing the adequacy and integrity of Digi Group's internal control system;
- Changes in Digi Group's policies, procedures and delegated authority limits; and
- Identifying and managing principal risks affecting Digi.

Key features of the Board

- Separation of roles between the Chair of the Board and CEO;
- The Chair of the NC and ARC are Independent Non-Executive Directors;
- Meets Board Diversity requirements, in particular gender diversity with three (3) women serving as members of the Board (50% female representation);
- Management do not sit on the Board; and
- The Chair of the ARC is not the Chair of the Board.

To further strengthen our board governance, we will review the roles and responsibilities of the Chair of the Board and the Board Committees, to ensure the Chair of the Board's independence by not being a member of any Board Committees. This is to prevent self-review and risks impairing objectivity in boardroom deliberations on the observations and recommendations given by the Board Committees.

Board Access to Management, Company Secretaries, Information and External Experts

The Board has direct access to the Management Team to arrive at informed decisions with unrestricted and immediate access to information relating to Digi's business affairs.

The Board also has full access to the qualified Company Secretaries, who are equipped with the skills and expertise to provide comprehensive support, appropriate governance and advice, to ensure adherence to corporate governance issues and compliance with relevant policies and procedures, and laws and regulatory requirements, in addition to corporate secretarial matters.

Meeting materials are provided to the Board and Board Committees via a secured electronic Board portal at least seven (7) days prior to the meetings to accord the Directors' sufficient time to assess and review the proposals or information. Materials are disseminated digitally and instantly. Board calendars and structured agendas are set in advance and all Directors are expected to attend the scheduled Board meetings and relevant Board Committees meeting in addition to the Annual General Meeting (AGM).

Where there is an urgent need for ad hoc meetings, the Company Secretary in consultation with the Chair of the Board, will arrange for such meetings as and when necessary.









Other than the aforesaid internal resources, the Board and Board Committees have at their disposal access to external information and expert advice by engaging independent external experts at the expense of the Company, if they deem it necessary in facilitating the performance of their duties.

Detailed description of these roles can be found on the Board Charter inclusive of the Terms of References of the Board Committees online at <https://www.digi.com.my/our-company/our-governance>.

Board Meetings

The Board held eleven (11) meetings during the year. Senior Management were invited, when appropriate to attend Board meetings. The CEO and CFO attended all Board meetings.

Corporate Governance Overview Statement

Directors	Board Meetings	
	Attendance	%
Haakon Bruaset Kjoel (Chair of the Board)	11/11 	100
Vimala V.R. Menon	11/11 	100
Yasmin Binti Aladad Khan	11/11 	100
Lars Erik Tellmann	10/11 	90.91
Wenche Marie Agerup	11/11 	100
Datuk Iain John Lo ¹	6/6 	100
Tan Sri Saw Choo Boon ²	5/5 	100
Randi Wiese Heirung ³	6/6 	100

Notes:

¹ Appointed as Director on 24 May 2021

² Retired as Director on 18 May 2021

³ Resigned as Director on 30 June 2021



26 hrs

Total hours of the Board meetings



98.86%

Overall % of the Board meetings attended by Directors



43 hrs

Total hours of the Board and Board Committee meetings

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities. At present, none of the Directors hold more than five directorships in any other public listed companies at any point of time.

Board Activities

During the financial year 2021, the Board focused on several specific areas in line with Digi's strategic goals and principal risks as outlined below:

Strategy



- Reviewed and approved Digi's Group Strategy plan, ambitions, and targets
- Oversaw the implementation of Digi's Group strategic and business plan through quarterly updates with the CEO
- Reviewed and discussed Digi's Group Corporate structure
- Reviewed the proposed merger exercise between Digi and Celcom Axiata Berhad
- Reviewed steps and actions taken in view of the Covid-19 pandemic for employees, business and operations

Corporate Governance Overview Statement

Financial Performance



- Approved the Quarterly Digi's Group performance
- Approved the Quarterly Financial Results
- Approved the Quarterly Interim Dividend and solvency position
- Approved the Audited Financial Statements for Financial Year Ended 31 December 2020
- Reviewed and approved Digi's Group ambitions and targets
- Reviewed and approved Digi's Group Capital expenditure
- Approved the Recurrent Related Party Transactions by Digi Group

Risk and Internal Controls



- Reviewed the Enterprise Risk and Opportunities status update
- Reviewed Digi's risk assessment encompassing financial and non-financial aspects
- Reviewed the Cyber security risks status and updates
- Reviewed the landscape risks impacting the business
- Reviewed the Anti-Corruption risks
- Reviewed the Business partners, distributors, credit and management risks
- Reviewed the implementation of appropriate internal controls and mitigation measures
- Reviewed the risk oversight on Management's implementation of risk management policies and procedures
- Reviewed the Audit Status Report
- Approved the Internal Audit Plan 2021
- Approved the Statement on Risk and Internal Control for the Integrated Annual Report (IAR)

Governance



- Reviewed Digi's compliance with the MCCG, Companies Act 2016 and the Main Market Listing Requirements of Bursa Malaysia (MMLR)
- Discussed the MCCG gap assessment and implementation of the action plans
- Approved the 2020 IAR Statements
- Approved the CG Report to Bursa Malaysia
- Recommended the draft Circular to shareholders in relation to the Proposed Renewal Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading nature and amendments of Articles of Association for shareholders' approval
- Approved Board and Board Committee restructuring
- Approved the remuneration package of the CEO and renewal of CEO's contract
- Established and identified the Succession Plans for Management Team
- Analysed the Performance Evaluation for Board and Board Committee members
- Approved Digi's revised Code of Conduct
- Reviewed Digi's Anti-Corruption and compliance updates

Corporate Governance Overview Statement

Governance



- Approved Digi's Board Calendar and Meeting plans 2022
- Reviewed and approved Digi's CEO Short Term Incentive 2020 payout and Scorecard
- Reviewed and approved the revised Board Charter and TOR of the Board Committees
- Received the Minutes of Meeting of the Board Committees
- Recommended the payment of Directors' fees and benefits payable to Independent Non-Executive Director for shareholders' approval
- Approved to convene the 24th Virtual AGM
- Recommended the Directors standing for re-election at the AGM
- Reviewed the tenure of Directors

Sustainability



- Reviewed Digi's 2021 ESG performances, taking discussions on future outlooks and setting priorities for 2022
- Strategy workshop on Climate and Environment to assess Digi's readiness and commitment to decarbonisation and plans to adopt the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations
- Reviewed Digi's 2021 material matters as part of the Materiality Assessment exercise conducted with external and internal stakeholders

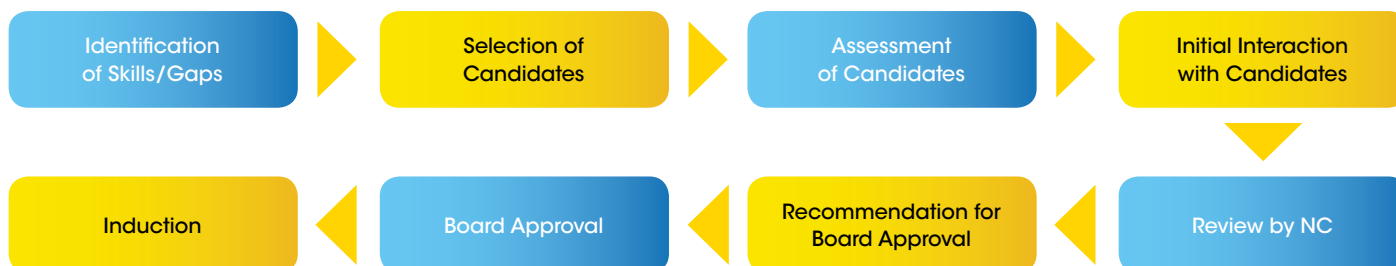
Board Appointment Process

Digi practices a transparent and rigorous process on the appointment of new Directors. Nomination of Non-Independent Non-Executive Directors (NINED) is made by Telenor, being the major shareholder of the Company. The search for potential Independent Non-Executive Director (INED) is made through engagement of professional recruitment firm or recommendations from existing Board members in identifying suitable qualified candidates to fill the vacant positions based on the identified selection criteria approved by the NC. The NC will shortlist candidates for engagement sessions to review the suitability of the candidate prior to recommending to the Board for approval. All potential candidates are first considered by the NC, taking into account mix of skills, competencies, experience, integrity, personal attributes, and time commitment. Diversity in terms of age and gender are also considered during the selection criteria.

During the year under review, Digi had engaged a professional recruiting firm to assist in the search for a new INED and taking into account the mix of skills, competencies, experience, integrity, personal attributes, and time commitment. Datuk Iain John Lo was appointed as INED on 24 May 2021.

Corporate Governance Overview Statement

Process Flow for Appointment of a Director



Board Re-election and Re-appointment

Article 98(A) of the Company's Constitution provides that one-third of the remaining Directors are required to retire by rotation and all Directors must submit themselves for re-election at the AGM at least once in every three (3) years.

Article 98(E) of the Company's Constitution provides that any new Director appointed by the Board during the year is required to stand for re-election at Digi's next AGM.

In assessing the candidates' eligibility for re-election, the NC considers their competencies, commitment, contribution, performance based on the annual assessment and their ability to act in the best interest of Digi. The NC is satisfied with the performance, contribution and effectiveness of the Directors. The Board at its meeting held on 11 March 2022 endorsed the recommendation of the NC for the following Directors to be considered for re-election pursuant to Article 98(A) and 98(E) of the Company's Constitution at the Twenty-Fifth (25th) AGM and they have given their consent for re-election. The re-election of each Director will be voted as a separate resolution during the 25th AGM.

Article 98(A)

- Haakon Bruaset Kjoel
- Lars Erik Tellmann

Article 98(E)

- Datuk Iain John Lo

As at the date of this report, all of the INEDs of the Company have not exceeded the cumulative terms of nine (9) years. During the NC and Board Meetings held on 9 March 2022 and 11 March 2022 respectively, the NC and Board, through their annual assessment, have reviewed and recommended the retention of Puan Yasmin Binti Aladad Khan (Puan Yasmin) who will serve the Board for more than nine (9) years on 23 July 2022 as an INED of the Company to the shareholders for approval at the forthcoming AGM based on the following justifications:

- She fulfilled the criteria under the definition of Independent Director as stated in the MMLR;
- Puan Yasmin's vast experience enables her to provide the Board with a diverse set of experience, expertise, skills and competence. She has good understanding of the industry and the Company's business operations which enables her to participate actively and contribute effectively for robust discussion at the ARC, NC, RC and Board Meetings without compromising her independence and objective judgement;
- She has exercised due care and promotes good corporate governance practices during her tenure as INED of the Company and carried out her duties in the best interest of the Company; and
- Sufficient time is required by the Company to find a suitable successor for Puan Yasmin as an INED, who is also the Chair of the NC and a member of the ARC, and RC to ensure an orderly succession plan.

Corporate Governance Overview Statement

Board Performance Evaluation

Every year, under the purview of the NC, the Board performance evaluation is undertaken to assess the effectiveness of the following:

- The Board as a whole and the Board Committees
- Contribution of each individual Director
- Independence of INED
- Performance evaluation of the CEO and CFO

During the year, the Board performance evaluation was conducted internally through an online platform, focuses on maximising the effectiveness and performance of the Board and its Committees in the best interest of Digi. The Board performance evaluation results were compiled by an independent external secretarial firm to facilitate the Board evaluation. The Board has also engaged an external consultant during the year to conduct Board Effectiveness Evaluation (BEE) exercise to bring a more outside-in view and deeper understanding of current Board performance and identified potential focus areas.

Based on the 2021 Board evaluation findings, the Board is satisfied and acknowledged that the Board has continued to carry their duties well and amicably with most areas rated in the range of "3" (Moderate/Developing), "4" (Good/Competent) to "5" (Strong/Outstanding). The respective Board Committees had performed their responsibilities diligently and efficiently. The Board evaluation also assesses the effectiveness of the Board Committees, particularly in the elements on function, composition, skills & competencies, meeting administration and ESG management.

All Board Committees received positive response with no areas of concern indicating that the Committee members have discharged their duties and responsibilities well with professionalism to uphold the interest of Digi and other stakeholders and to meet the needs of Digi Group.

Self and Peer Evaluation are conducted to assess each Director's professional competency, attributes, and personality. Directors' Peer Evaluation overall results continued to be high in 2021. The assessment also includes the evaluation of the performance of the Board in addressing the company's material sustainability risks and opportunities. Within the assessment the Board has also assessed the Senior Management (for CEO and CFO) on overall sustainability management in meeting Digi's sustainability targets.

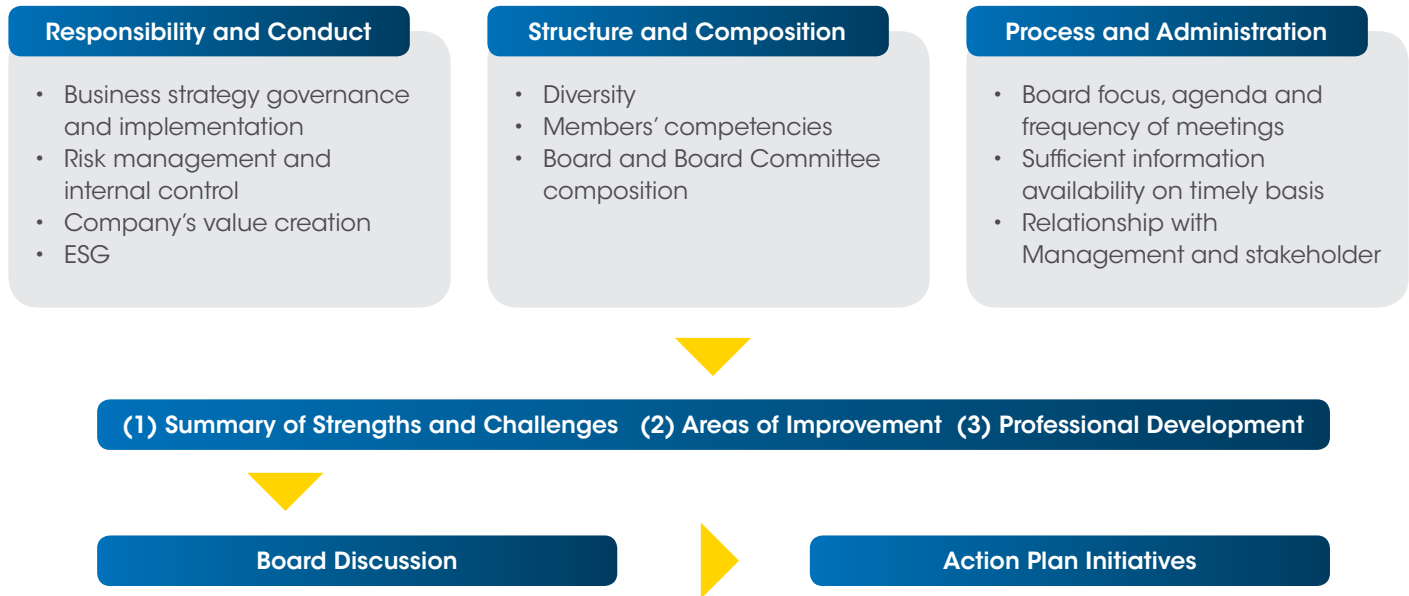
2022 Priorities

Based on the 2021 results and moving forward, the Board continues to navigate a complex, unsettling environment following a year of geopolitical turmoil, social unrest, economic volatility, and the ongoing Covid-19 pandemic. The Board has identified the following priorities for 2022:

- Strategy and risk
- Crisis management
- 5G technology and networks
- Growth and performance
- Human capital and workforce issues
- Corporate purpose and ESG matters

Corporate Governance Overview Statement

The Board evaluation questionnaires towards an effective Board covers the following parameters:



More information on the Board Performance Evaluation process can be found in the Corporate Governance Report on our website at www.digi.com.my/annualreport/index.html

Induction and Continuous Professional Development

An induction programme is conducted for newly appointed Directors via a briefing session by the Senior Management Team to provide the necessary information and to assist them in understanding the operations of Digi Group, current issues and corporate strategies. All Directors have completed the Mandatory Accreditation Programme. Datuk Iain John Lo, who was appointed as INED on 24 May 2021 has attended the induction programme organised by Digi.

All Directors are encouraged to attend continuous education programmes, talks, seminars, workshops and conferences to enhance their skills and knowledge and to ensure that they are kept abreast with the new developments in the business environment and corporate governance.

Despite the Covid-19 pandemic, all Directors ensured continuous participation in virtual trainings and development programmes. Details of the trainings and programmes attended by the Directors during the financial year are outlined below:

Name of Director	Training Programme/Conference/Seminar
Haakon Bruaset Kjoel	<ul style="list-style-type: none"> • First module on the International Directors Programme from INSEAD • Telenor Research: The Business of 5G - today and tomorrow • Digi Strategy and Capex Workshops

Corporate Governance Overview Statement

Name of Director	Training Programme/Conference/Seminar
Vimala V.R. Menon	<ul style="list-style-type: none"> • Nomination & Remuneration Committee – Beyond Box Ticking • Data and AI insights – Driving Growth in a Digital World • Conversations in Global Finance • Asian Economic Forum • Understanding Board Decision Making Process • Strategy and Capex Workshops • Economic Insights Q4 2021 • Securities Commission Audit Oversight Board conversation with audit committee • Telenor Research: The Business of 5G - today and tomorrow • Digi Strategy and Capex Workshops
Yasmin Binti Aladad Khan	<ul style="list-style-type: none"> • Information Security Awareness • 2020 Leadership Profile and Assessment • DPDHL Data Privacy Policy • Certified Logistics Leadership • Certified Data Protection • Advanced Competition Compliance • Securities Commission Audit Oversight Board conversation with audit committee • Telenor Research: The Business of 5G - today and tomorrow • Digi Strategy and Capex Workshops
Wenche Marie Agerup	<ul style="list-style-type: none"> • Telenor Research: The Business of 5G - today and tomorrow • Digi Strategy and Capex Workshops • Governance in Groups arranged by Iclif Executive Education
Lars Erik Tellmann	<ul style="list-style-type: none"> • Telenor Research: The Business of 5G - today and tomorrow • Digi Strategy and Capex Workshops
Datuk Iain John Lo (Appointed on 24 May 2021)	<ul style="list-style-type: none"> • FIDE - Financial Institution Directors Education by Iclif ABS • RHB - MACC Section 17A and Adequate Procedures • SIDC - Capital Markets Training Modules • RHB - MFRS17 Insurance Contracts, Ernst & Young • ASB Implementing changes in MCCG • FTI Consulting Defending your company and keeping up with key Cybersecurity risks • ASB Risk Management Committee - Banking Sector • Shell & Malaysian Dutch Business Council - The tree, the sky, the sun - a pathway towards Malaysia's carbon neutral future • RHB Internal Capital Adequacy Assessment Process by Stamford Academy • UN Global Compact ESG & Leadership, Formula for a Sustainable Future • PWC Task Force on Climate-Related Financial Disclosures Annex • Securities Commission Audit Oversight Board conversation with audit committee • Telenor Research: The Business of 5G - today and tomorrow • Digi Strategy and Capex Workshops

Corporate Governance Overview Statement

Nomination Committee (NC) Report

Committee membership	Meetings attended	Responsibilities
Yasmin Binti Aladad Khan (Chair)	2/2 ■■	<ul style="list-style-type: none"> Regularly review the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board Review the succession planning for Directors and Digi Management Team Responsible for identifying and nominating for the approval of the Board, candidates to fill Board's vacancies as and when they arise
Haakon Bruaset Kjoel	2/2 ■■	
Datuk Iain John Lo (Appointed on 24 May 2021)	-	
Tan Sri Saw Choo Boon (Retired on 18 May 2021)	1/1 ■	

The NC consists of a majority of INED in compliance with the requirement of the MMLR of Bursa Malaysia, which provides that the NC must comprise exclusively Non-Executive Directors, a majority of whom must be Independent.

Main Activities of the NC for 2021

- Annual assessment and review of composition of Board and Board Committees
- Facilitated the 2021 BEE and validated the results thereof
- Reviewed the tenure of INED
- Reviewed the Directors' training requirements
- Reviewed the Board's Skills and Experience Matrix
- Recommended the appointment of Datuk Iain John Lo as INED and re-designation of Ms Vimala V.R. Menon as Sr INED
- Conducted induction programmes for newly appointed Director assisted by the Company Secretary
- Assessed the independence and time commitment of each INED
- Conducted annual review on the NC's Terms of Reference and Board Diversity Policy
- Reviewed Performance Planning and Key Performance Indicators for CEO
- Assessed and recommended to the Board on the re-election of Directors
- Reviewed the NC Report for inclusion in the 2020 Integrated Annual Report

Corporate Governance Overview Statement

Key Matters Reported to the Board

The Chair of NC updated the Board on matters of major importance deliberated at the NC meetings and its recommendations. The copies of confirmed minutes of each NC meeting were also circulated to the Board for notation. Among the key matters considered by the NC during 2021 were the following:

Significant matters

Engaged an external consultant during the year to conduct BEE exercise

Description

Bringing in a more outside-in view and deeper understanding of current Board performance and identify potential focus areas




Outcome

The findings and key areas were identified and formed as priorities for 2022

Priorities for 2022

- To evaluate the effectiveness and efficiency of Board meetings
- To evaluate the effectiveness of the Company Secretary department
- To develop a well-defined strategic agenda
- To enhance Director onboarding program and Directors' trainings

Remuneration Committee (RC) Report

Committee membership	Meetings attended	Responsibilities
Haakon Bruaset Kjoel (Chair)	4/4 	<ul style="list-style-type: none"> • Ensure the remuneration package of Non-Executive Directors are well-structured and able to attract, retain and motivate Directors • Implement remuneration policies and procedures
Yasmin Binti Aladad Khan	4/4 	
Wenche Marie Agerup	4/4 	

The RC comprises all Non-Executive Directors who oversee the implementation of the remuneration policy and structure, and reviews and recommends matters relating to the remuneration for Directors and Management to the Board.

Main Activities of the RC for 2021

- Discussed the proposed fee and benefits payable for the INEDs
- Conducted annual review on RC's Terms of Reference and Non-Executive Directors' Remuneration Policy
- Recommended the proposed remuneration package of the CEO
- Recommended the CEO's Short-Term Incentive 2020 payout and 2021 scorecard

Corporate Governance Overview Statement

Directors' Remuneration

The Board remuneration approach is aligned to our strategic objectives, allowing us to attract, motivate and retain high caliber talent. The design of the Board's remuneration structure embraces market practices and trends and includes attractive benefits payable to the INEDs.

Each of the INEDs abstain from deliberating and voting on his or her own remuneration. The NINEDs receive their remuneration from their employing companies within the Telenor Group and do not receive any form of remuneration from Digi.

The breakdown of the Directors' remuneration paid in 2021 is as follows:

Independent Non-Executive Directors	Directors' Fees (RM)		Benefit-in-kind (RM)	TOTAL (RM)
	Company	Subsidiaries	Company	
Vimala V.R. Menon	275,000	19,350	5,300	299,650
Yasmin Binti Aladad Khan	312,742	Nil	300	313,042
Datuk Iain John Lo (Appointed on 24 May 2021)	163,306	Nil	4,499	167,805
Tan Sri Saw Choo Boon (Retired on 18 May 2021)	110,699	12,212	300	123,211
Total	861,747	31,562	10,399	903,708

Senior Management's Remuneration

The remuneration packages for Senior Management Team are set based on industry standards, reflecting the senior management's roles, responsibilities, level of skills and experience, and motivates performance. The reward matrix is assessed based on the Company's performance indicators under our three (3) strategic pillars.

Priorities for 2022







- To review and refresh performance conditions on benefits payable for the INEDs
- To review and propose the remuneration package of the CEO

Please refer to our website at <https://www.digi.com.my/our-company/our-governance> for the Non-Executive Directors' Remuneration Policy, and Remuneration Policy and Procedure for Senior Management

Corporate Governance Overview Statement

PRINCIPLE B - ACCOUNTABILITY AND EFFECTIVE AUDIT AND RISK MANAGEMENT**Audit and Risk Committee Report****Composition and Terms of Reference**

In line with the requirements of Paragraph 15.09(1)(a) and (b) of the Main Market Listing Requirements of Bursa Malaysia (MMLR), the composition of the Audit and Risk Committee (ARC) and attendance of each member at the ARC meetings are as follows:

Committee membership	Meetings attended	Responsibilities
Vimala V.R. Menon (Chair, Senior Independent Non-Executive Director)	6/6 	<ul style="list-style-type: none"> To ensure that ARC meetings run efficiently, and each agenda item is thoroughly and thoughtfully discussed by all members of the Committee To provide oversight of the financial reporting process, the audit and risk management process, the system of internal controls and compliance with laws and regulations
Yasmin binti Aladad Khan (Independent Non-Executive Director)	6/6 	
Datuk Iain John Lo (Independent Non-Executive Director) <i>(Appointed on 24 May 2021)</i>	3/3 	
Lars Erik Tellmann (Non-Independent Non-Executive Director) <i>(Appointed on 30 June 2021)</i>	2/2 	
Tan Sri Saw Choo Boon (Senior Independent Non-Executive Director) <i>(Retired on 18 May 2021)</i>	3/3 	
Randi Wiese Heirung (Non-Independent Non-Executive Director) <i>(Resigned on 30 June 2021)</i>	4/4 	

Corporate Governance Overview Statement

The ARC held six (6) meetings during the financial year ended 31 December 2021.

No alternate Directors were appointed as members of the ARC.

Vimala V.R. Menon is a Fellow of the Institute of Chartered Accountants in England and Wales, and a member of the Malaysian Institute of Accountants. The ARC, therefore, meets the requirement of Paragraph 15.09(1)(c)(i) of the MMLR, which requires at least one (1) member of the ARC to be a qualified accountant.

The duties and responsibilities of the ARC are set out in its Terms of Reference which is accessible in the Corporate Governance section of Digi's website at <https://www.digi.com.my/our-company/our-governance>.

There is a cooling-off period of at least 3 years before a former partner of an external audit firm can be appointed as a member of the ARC.

The CEO, CFO and Head of Internal Audit attend the ARC meetings as permanent invitees. The Chair of the ARC may also invite other Board members and/or Management to participate in the meetings, when necessary.

The external auditors were invited to the ARC meetings to present their annual audit plan and to discuss the quarterly unaudited financial results and annual audited financial statements, as well as other matters deemed relevant. Both the internal and external auditors have unfettered access to members of the ARC including the Chair of ARC, throughout the year.

All deliberations during the ARC meetings, including the issues tabled and rationale adopted for decisions were properly recorded. Minutes of the ARC meetings were tabled for confirmation at the following ARC meeting and subsequently presented to the Board for notation. The Chair of the ARC reported to the Board on the activities and significant matters discussed at each ARC meeting.

Summary of Activities of the ARC

The ARC carried out the following major activities during the year:

Risk Management and Internal Control

- (a) Reviewed Digi's top risk profiles and deliberated on the significant threats and opportunities on a quarterly basis, including progress and adequacy of mitigation strategies.
- (b) Discussed improvements to the Enterprise Risk Management process to ensure proactive and holistic risk identification and monitoring of mitigation actions to reduce risk impact to an acceptable level.
- (c) Evaluated the overall adequacy and effectiveness of internal controls through review of the work performed by both internal and external auditors, other assurance providers within Digi, and discussions with Management.

Internal Audit

- (a) Deliberated and provided input to the risk-based Internal Audit Plan to ensure adequate scope and coverage of Digi's strategic ambitions, goals and activities prior to recommending to the Board for approval. Monitored the progress of the approved Internal Audit Plan and approved changes to the Internal Audit Plan (if any) in response to changes in the organisation's business, risks, operations, systems and controls.
- (b) Reviewed and deliberated on internal audit reports, audit recommendations and adequacy of Management's response to these recommendations. Significant issues were discussed at length with the presence of relevant Management team members to ensure satisfactory and timely remediation actions have been committed by Management to address identified risks.
- (c) Monitored the implementation of action plans agreed by Management on outstanding audit findings on a quarterly basis, to ensure that all actions have been implemented based on the committed timelines until the ARC is satisfied that adequate controls are in place.
- (d) Provided guidance on ad hoc matters arising from on-going internal audit activities.
- (e) Evaluated the effectiveness of the Internal Audit function through evaluation of its performance and competencies, as well as monitoring the sufficiency of resources and total costs, to ensure that it has the required expertise to discharge its duties.
- (f) Reviewed and approved updates to the Internal Audit Charter.

Corporate Governance Overview Statement

- (g) Reviewed and deliberated on investigation findings and Management recommendations on remedial actions covering disciplinary and/or corrective actions. Extensive discussions were conducted with the Management on the root cause of the incidents and risk exposure before the remedial actions were endorsed. Periodic updates are furnished to the ARC to ensure adequate and timely closure of the remedial actions.
- (h) Reviewed the revisions made to the Investigation Manual.

Compliance Programme

- (a) Monitored the status of internal misconduct cases reported to the Board and the ARC on a quarterly basis, including on-going investigations, in accordance with Digi's Code of Conduct and Governing documents.
- (b) Deliberated on the results of compliance cases and directed Management to implement and/or enhance controls to prevent recurrence, including conducting education programmes to increase awareness.
- (c) Reviewed the status of the planned mitigation actions developed from the results of the Compliance risk assessment performed in 2020.
- (d) Reviewed the annual compliance programme which includes risk assessment activities, monitoring activities, policy review initiatives, training and awareness programmes for Digi employees.
- (e) Reviewed the revised Compliance department structure, comprising 3 units, namely Governance, Risk & Monitoring and Knowledge.
- (f) Reviewed and deliberated on the compliance monitoring activities, risk assessment activities and case resolutions undertaken by Compliance and ensured timely implementation of proposed remediation and control measures by Management across functions in Digi.

Financial Reporting

- (a) Reviewed Digi's unaudited quarterly financial results and audited annual financial statements, and related announcements, before recommending them for the Board's approval, including:
 - (i) Deliberation on significant audit and accounting matters highlighted, comprising Management's judgments, estimates or assessments made and sufficiency of disclosures in the financial statements; and

- (ii) Discussion of significant financial matters at length to ensure compliance with internal accounting policies and Malaysian Financial Reporting Standards (MFRS), focusing on MFRS 16.

External Audit

- (a) Reviewed the scope of work of the external auditors confirming their independence and objectivity.
- (b) Reviewed external auditors' Management Letter together with Management's responses, to ensure that appropriate actions have been taken.
- (c) Monitored on a quarterly basis, all non-audit services and fees incurred in which the external auditors were engaged, taking into account external auditors' independence and objectivity. The amount incurred by Digi and on group basis in respect of audit fees and non-audit related fees for services rendered by the external auditors is disclosed in Note 7 to the financial statements and in the Additional Compliance Information in this Integrated Annual Report.
- (d) Met privately with the external auditors at the ARC meetings held on 26 January 2021 and 18 October 2021 to ensure there were no restrictions to the scope of their audit and to discuss significant matters that arose during the course of audit.
- (e) Evaluated the performance of the external auditors and made recommendations to the Board on their re-appointment, subject to the approval of Digi's shareholders at the general meeting.

Related Party Transactions

- (a) Reviewed the annual mandate compiled for recurrent related party transactions.
- (b) Reviewed related party transactions as disclosed in the financial statements and performed quarterly monitoring of the mandate for recurrent related party transactions to ensure compliance with the MMLR and Digi's policies and procedures.
- (c) Reviewed and deliberated on any new related party transactions to ensure that the terms and conditions of the transactions are commercially based and at arm's length.

Corporate Governance Overview Statement

Other Activities

- (a) Reviewed and recommended to the Board; the ARC Report, Directors' Responsibility Statement and Statement on Risk Management and Internal Control, for inclusion into the Integrated Annual Report.
- (b) Reviewed and recommended the revised Terms of Reference of ARC for Board's approval.
- (c) Reviewed the proposed dividend payout on a quarterly basis, taking into consideration the cash flow requirements before recommending for the Board's approval.
- (d) Reviewed and made the appropriate recommendations the Board on the proposed merger of Celcom Axiata Berhad and Digi.

Internal Audit Function

The Internal Audit Department reports functionally to the ARC, to ensure impartiality and independence in executing its role. Its primary responsibility is to provide risk-based and objective assurance, advice and insight to the Board and Management on Digi's internal control, risk management and governance system.

The Internal Audit Department comprising seven (7) members is led by Serena Chin, who has 15 years of audit experience in various industries such as property development, education, capital markets, banking and insurance. She also has eight (8) years of project management experience and spent two (2) years in an operational role within the capital markets regulatory environment. She holds a Bachelor of Business (Accountancy) degree from RMIT University and is a member of the Malaysian Institute of Accountants. To further preserve the independence of the Internal Audit function, the performance of the Head of Internal Audit is appraised by the Chair of the ARC.

The Internal Audit function is guided by the provisions of its Internal Audit Charter, which is reviewed and approved by the ARC annually. The internal audit function's activities conform to the Institute of Internal Auditors International Standards for the Professional Practice of Internal Auditing, set forth by the Institute of Internal Auditors.

The Head of the Internal Audit, reporting directly to the ARC, is responsible for enhancing the quality assurance and improvement programme of the internal audit function.

Its effectiveness is monitored through continuous internal and external quality assessments and the results are presented to the ARC. The internal assessment is performed annually while the external assessment by a certified body is conducted once every five (5) years. The last external assessment was conducted in October 2020, and was performed by a qualified, independent assessor.

The Internal Audit Department executed a total of 15 reviews during the year, including advisory services. The reviews covered key risk areas and focused on the efficiency and effectiveness of governance and controls over the following: business division operations, management of network site electricity, dismantled technical inventory management, debt collection agency management, digital partnerships and digital payments, the newly implemented procurement sourcing tool, waivers and adjustment processes, including Pusat Internet Komuniti, i.e. community centres where free internet access is provided in underserved areas. In addition to the reassessment of controls over cyber security policies and procedures, a review was conducted to assess the strength of the SS7 Network Security Governance Policies pertaining to SS7/Diameter security and monitoring across Digi network as well as the ability to defend against malicious signaling traffic. The Internal Audit Department had also conducted internal investigations into allegations of misconduct and breach of the Code of Conduct by employees.

Internal Audit staff performed an annual declaration on their adherence to the Code of Ethics, and that they are free from any relationships or conflict of interest, which could impair their objectivity and independence. Any non-conformance and/or conflict of interest will be reported to either the Head of Internal Audit or to the Chair of the ARC. The total costs incurred for the Internal Audit Department in respect of the financial year ended 31 December 2021 amounted to RM1.99 million (2020: RM1.50 million).

PRINCIPLE C - INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Our Approach

We recognise that stakeholder engagement is an important component of good corporate governance.

Corporate Governance Overview Statement

Digi places importance in providing the necessary access to all stakeholders to the same information and disclosures as part of our commitment of fulfilling our obligation to provide equal and credible information to all stakeholders. This is also in line with our practice to treat all shareholders equally, without any preferential treatments to institutional investors and other stakeholder groups. Our solid approach in stakeholder engagement is supported by Digi's Financial Disclosure Policy and Corporate Communication Policy which outlined a comprehensive approach to deliver open and clear communication in line with MMLR.

Nevertheless, additional details of Digi's stakeholder communication approaches in line with Practice 12.1 of MCCG can be found in the Key Relationships write-up under Section 3: Strategic Review on pages 30 to 32 of this report.

Investor Relations (IR) in Digi

The IR unit, headed by the Head of Investor Relations who reports directly to the CFO, facilitates communication between the Company and the investment community. Adapting to Covid-19 business restrictions and the shift in way of work, the IR unit has effectively embraced digital communication tools to carry out all IR programmes, including digitising investors meetings, management roadshows and all the Company's events since 2020. The unit is highly committed to provide content-rich and credible information in times of uncertainty with open and transparent communications, to keep the community informed remotely. The quick adaptation to digital channels in a new normal has yielded the recognition by Malaysian Investor Relations Association (MIRA) as the Company with Best Innovation and Use of Technology in IR, awarded in December 2021.

In addition, the dedicated Investor Relations section on Digi's corporate website: <http://digi.listedcompany.com/> has been enhanced during the year under review with interactive infographics and digital formatting to include mobile-friendly features. As a result of our improved efforts, Digi was awarded with Best Investor Relations Website by MIRA which highlighted our continuous promise to provide comprehensive information enabling the investment community to make informed and strategic decisions, whilst ensuring equal access to valuable information.

Furthermore, we welcome feedback and enquiries from our stakeholders and the public on our reporting as part of our improvement journey to deliver high quality corporate

reports. Our IR team is available at all times and can be contacted via electronic mail at invesrel@digi.com.my or via the enquiry form as obtained on our IR websites.

Conduct of General Meetings

The AGMs serve as the principal avenue for shareholders to engage the Board and Management Team in a constructive two-way dialogue. Shareholders are encouraged to actively participate during the AGMs by raising questions and providing feedbacks to the Board and Management Team.

In view of the COVID-19 pandemic situation and as per the Guidance Note and Frequently Asked Questions on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia, Digi had successfully convened its 24th AGM as a fully virtual meeting conducted via live streaming. All members participated the AGM online and voted electronically using the Remote Participation and Electronic Voting (RPEV) facilities. Meanwhile, shareholders and proxies of Digi were also able to submit their questions electronically via the virtual event platform before and during the AGM. The success of our virtual AGM was measured in a survey sent to all members post-event which highlighted our effectiveness to provide a solid virtual communication between Shareholders and the Company.

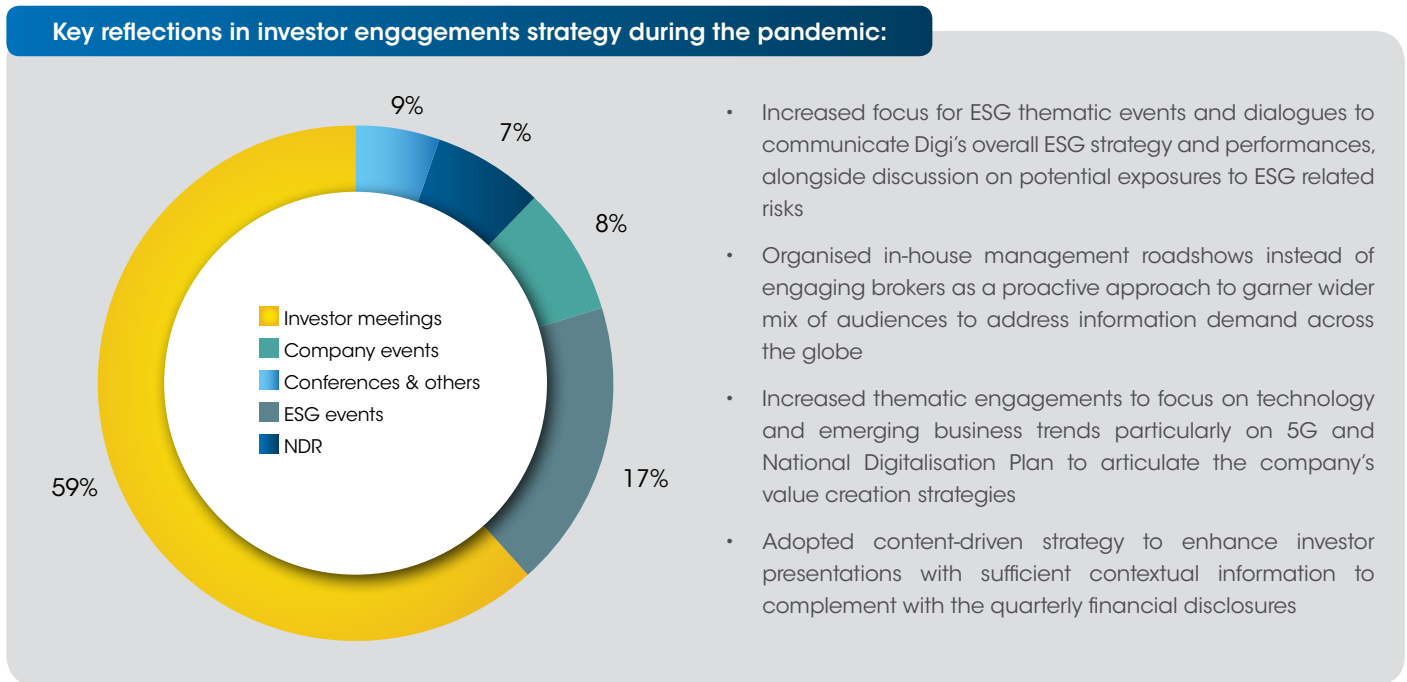
For the upcoming 25th AGM which is scheduled to be held on 13 May 2022, the notice of the AGM has been made available to shareholders for not less than twenty-eight (28) days prior to the meeting in order to accord shareholders with sufficient time to review the Company's financial and operational performance as well as the resolutions that are to be tabled during the 25th AGM.

The extended notice period is also intended to enable shareholders to make the necessary arrangements to attend the 25th AGM. Digi will continue to leverage on digital and video conferencing tools to conduct the upcoming 25th AGM virtually, with advanced features to allow participants to access Questions and Answers (Q&A) tabs. These technologies are backed with high cybersecurity features and will be critical to facilitate voting in absentia and remote shareholders' participation. Lastly, the AGM minutes and summary of Q&A dialogues will be published on our corporate websites for public viewing following the conclusion of the 25th AGM.

Corporate Governance Overview Statement

2021 Investor Calendar

Throughout the year, the team successfully organised six (6) Company events, five (5) non-deal roadshows (NDR), thirteen (13) ESG events, over forty (40) Investor meetings, seven (7) Conferences and others. The summary of the investor engagements was further illustrated below, while the full IR calendar can be found via https://digi.listedcompany.com/financial_calendar.html.



Summary of Investor Discussion

The Head of Investor Relations plays a more central role to close information gaps and inform the market on broader material issues affecting the business’s results and prospects. Pertinent matters such as strategic developments, financial results and material ESG issues were often raised and discussed throughout the year, as summarised below:

Key topics raised	Our responses
Company’s efforts to drive operational recovery in a new normal	<ul style="list-style-type: none"> • All Digi Stores and retail frontliners are 100% fully vaccinated against Covid-19 virus • Strict safety measures in place to provide a safe environment for customers and employees to engage • Enhanced all digital and self-serve channels to drive digital self-serve channels and broaden customer reach

Corporate Governance Overview Statement

Key topics raised	Our responses
Prioritisation on network investment	<ul style="list-style-type: none"> Rated as the fastest and most consistent network nationwide by Ookla as a testament of Digi's commitment to maximise best internet experience Maintained competitive network through consistent network and infrastructure spend by focusing at critical and key growth locations Increased nationwide 4G and 4G LTE network coverage and improved in-door coverage for urban and suburban areas in line with the targets set by Jalanan Digital Negara (JENDELA) initiative Completed nationwide 3G shutdown as part of the JENDELA initiative to enable 3G spectrum to be repurposed to enhance the 4G LTE network performance
Industry development and market competition	<ul style="list-style-type: none"> Joint industry effort to provide free data daily for productivity and education sites alongside zero-rated access to websites providing essential information Continued focus to provide customers with compelling product propositions and differentiated customer experiences Rewarded and incentivised customers with data bonuses and freebies Re-designed affordable bundle deals and segmented products to serve broader Malaysians, particularly youth and B40 groups to provide easy access to internet and connectivity
Ensured sustained financial growth and shareholder returns	<ul style="list-style-type: none"> Resilient performance on good underlying performances despite Covid-19 effects on roaming and migrant revenue reductions Delivered cost savings led by cost optimisation efforts and efficient bad debt risk management Recorded the highest return on equity over three years for Big Cap companies (RM10-40 billion market capitalisation) in Telecommunications and Media by The Edge Billion Ringgit Club 2021
ESG performances particularly on environmental management and supply chain management	<ul style="list-style-type: none"> Completed Climate Data Integrity exercise guided by an independent advisor to continuously improve climate data collection methodology and management approach Commendable ESG scores as rated by index providers Tightened internal controls and monitoring mechanisms to manage environmental impacts Strengthened ESG considerations across supply chain management and processes whilst fully digitalising the entire processes amid Covid-19 disruptions

Integrity in Corporate Reporting

In Digi, we have established formal and rigorous processes and strives to present shareholders with a balanced and comprehensive assessment of the Company's financial performance, challenges and outlook. This includes the annual Directors' Report and other reports in the Company's corporate reports portfolio released to the public.

Corporate Governance Overview Statement

Key topics raised	Our responses
Financial reporting and disclosure	<p>To facilitate this, the Company implemented additional internal controls to ensure the integrity of corporate reporting systems, including the accuracy of financial reporting alongside the advisory and audit services by third party</p> <p>Prior to the release to public domain, quarterly financial reports and Management Discussion and Analysis (MD&A) have been reviewed by the ARC, and ultimately approved by the Board. All financial statements are prepared in accordance with the requirements set out in the MFRS, the International Financial Reporting Standards (IFRS), MMLR and the Companies Act 2016</p>
Integrated Annual Report (IAR)	<p>This is Digi's third (3rd) Integrated Annual Report prepared in accordance with the principles prescribed by the International Integrated Reporting Council (IIRC) and twentieth (20th) Annual Report produced since our listing on Bursa Malaysia in 1997</p> <p>The report provides a comprehensive coverage of the Group's operations and financial performance in 2021, following meticulous process of reviewing and evaluating by our appointed Auditor, alongside the compulsory reviews by Senior Management Team</p> <p>Our Board will also be providing its final approval prior to the publication to the market to protect the integrity and accuracy of all information in our annual reports thus provide stakeholders with appropriate information to make informed decisions</p>

Statement by the Board

The Board has reviewed, deliberated and approved this Statement on 11 March 2022.

More information on Digi's principles and practices for corporate governance can be found at the Governance section at <https://www.digi.com.my/our-company/our-governance>.

Statement on Risk Management and Internal Control

Pursuant to Paragraph 15.26 (b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Malaysia), the Board of Directors of listed companies is required to include in their annual report, a statement about the state of risk management and internal control of the listed issuer as a group. Digi Board of Directors (the Board) is pleased to provide the following statement that has been prepared in accordance with the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers endorsed by Bursa Malaysia. The Statement outlines the nature and scope of risk management and internal control within Digi during the financial year under review.

RESPONSIBILITIES AND ACCOUNTABILITIES

The Board acknowledges its responsibility for the establishment as well as oversight of Digi's risk management framework and internal control systems. The risk management framework and internal control systems are designed to identify, assess and manage risks that may impede the achievement of business objectives and strategies. The Board also acknowledges that the internal control systems are designed to manage and minimise, rather than eliminate, occurrences of material misstatement, financial losses or fraud.

The Board, through the Audit and Risk Committee (ARC) periodically reviews the effectiveness and adequacy of the risk management framework and internal controls by identifying, assessing, monitoring and reporting key business risks with the objective to safeguard shareholders' investments and Digi's assets.

Management is responsible for implementing Board approved policies and procedures on risk management

and internal controls by identifying and evaluating risks faced and monitoring the achievement of business goals and objectives within the risk appetite parameters.

RISK MANAGEMENT

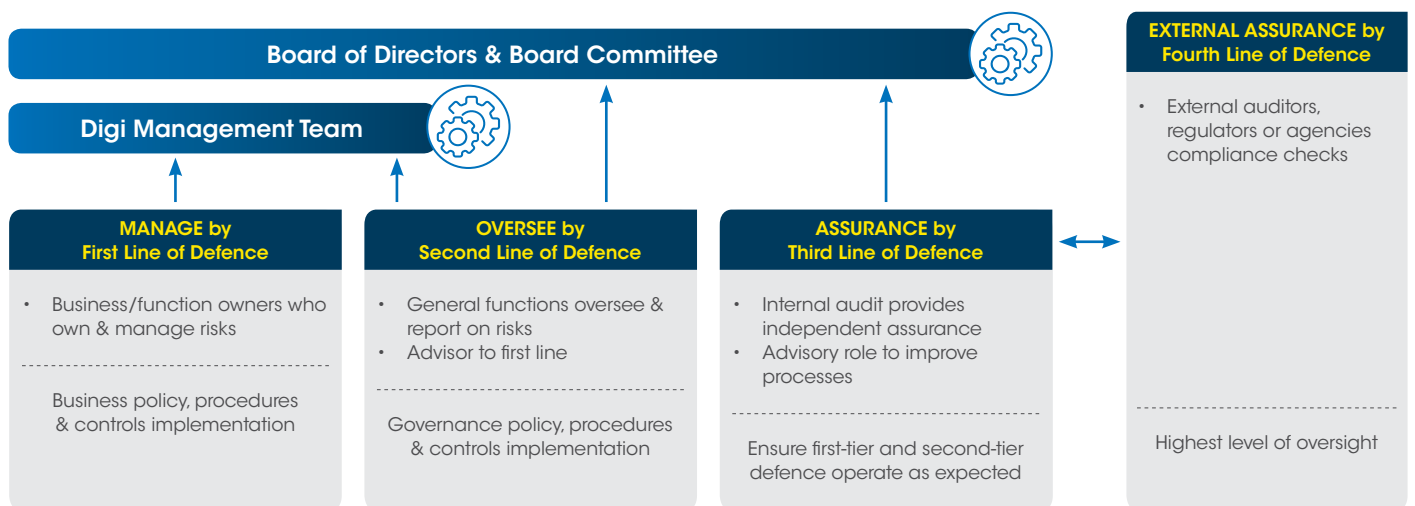
Digi's risk management framework provides the foundation and process on how risks are managed across Digi. Our process is broadly based on ISO 31000:2018.

Risk management responsibilities in Digi are defined in the framework where Risk Management function is responsible to implement the enterprise risk management process.

Digi's Management Team (Management)'s key role is to identify significant threats and opportunities, evaluate the risk profile and drive mitigation strategies on a regular basis. All line managers are required to assume responsibility for risk management within their areas of responsibility and ensure that risk management is embedded in the day-to-day business and decision-making processes.

The diagram below illustrates the roles and responsibilities of risk management practices across Digi.

Roles & Responsibilities of Managing Risks:



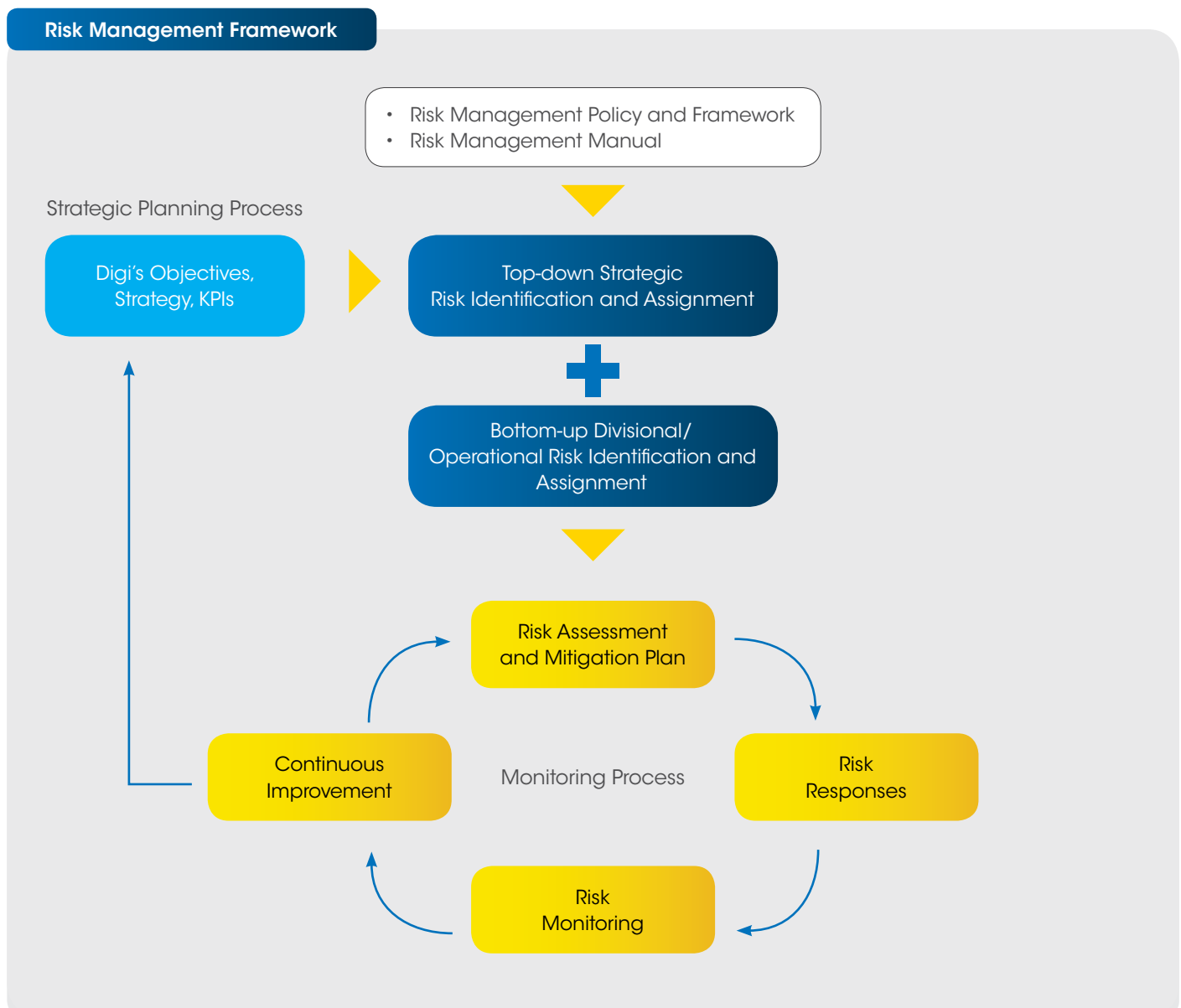
Statement on Risk Management and Internal Control

Digi’s risks are identified based on risk assessments performed relative to the organisation’s ambition and objectives from our strategic planning process. The identified risks are assessed and deliberated by Management and mitigated through strategies which are monitored for progress to maintain the risk exposure within acceptable level.

Management reports Digi’s top enterprise risks to the Board and ARC in a risk heat map on a quarterly basis. Movement and mitigation status of material risks are reviewed and deliberated to ensure oversight and adequate risk governance.

To strengthen our risk management framework, we have continuously improved to enhance our risk management practices and increase the scope across Digi.

Refer to the diagram below for an overview of the risk management framework and processes implemented in Digi:



Statement on Risk Management and Internal Control

A summary of key risks identified by Management and reported to the ARC and the Board during the financial year are captured below. Monitoring of mitigation activities is on-going and continuous to ensure risk exposures are within acceptable level. Please refer to 'Our Key Risks in Section 3: What is Our Plan for Success?' for full description of these risks.

Market and Competitive Risk

Risk on revenue growth due to competitive operating landscape, consumer spending behaviors and prolonged economy recovery from Covid-19

Business Continuity Risk

Continuity of Digi's critical service areas and functions during Covid-19 outbreak and natural disasters

Employees' Health and Safety Risk

Covid-19 related impact on employees' health and safety, as well as hazard and safety risk at operational sites

Network Experience Risk

Investment prioritisation in digitisation and network modernisation to improve customers' network experience

Governance and Compliance Risk

Compliance to applicable industry and integrity standards by Digi and our business partners, and governance framework with internal controls to promote highest level of ethics

Data Protection Risk

Data security and governance in current remote working condition to fulfil increased consumer expectations

Cyber Security Risk

Cyber-attacks and other emerging threats from new technologies may expose Digi to malicious attacks by threat actors

Climate Risk

Insufficient climate commitment and action to manage climate transition risks resulting in reputation loss and regulatory non-compliance

Talent and Succession Management Risk

Succession planning and development of right talents and skills for growth and digital transformation

Regulatory Risk

Regulatory requirements that govern the industry, from technical, to commercial and corporate framework that protect consumers and advance Malaysia's digital ambitions

Merger Approval Risk

Related risks on the proposed merger between Digi and Celcom Axiata Berhad include non-completion if conditions are not fulfilled and potential prolonged approval process by regulator

Critical Systems Migration Risk

Potential service interruptions and adverse customer experience caused by outages from planned systems migration

Statement on Risk Management and Internal Control

INTERNAL CONTROL SYSTEMS

The key elements of the internal control systems established by the Board that provide effective governance and oversight of internal controls include:

Policies and Operating Procedures

Policies and operating procedures are in place to ensure compliance with internal controls and the prescribed laws and regulations. These policies and procedures provide guidance and direction for proper management and governance of operations and business activities. The documents are reviewed annually and published in the Compliance portal which is available to all employees.

Profitability Assurance

This function minimises revenue leakage by implementing adequate controls and processes through an optimal revenue management framework. It covers the cycle of identification, assessment, mitigation and monitoring. Digi has in place automated controls to ensure that usage and profile integrity between the network, mediation, rating and billing are assured and adequately controlled. Key issues and mitigation actions are reported to Management monthly. The effectiveness and efficiency of processes and controls within the revenue cycle are reviewed regularly. In addition to assure minimal revenue leakage, the team also works on automation and dashboards for efficient business monitoring.

Security

Digi is committed to reduce the impact of service disruptions by ensuring its infrastructure is protected and services are not interrupted, thereby enabling continuous services to its customers.

The Cyber Security and Physical Security functions are responsible for ensuring confidentiality, integrity and availability of information and information processing facilities, including telecommunication systems and infrastructure and to protect against cyber-attacks, fraudulent activities, information loss and other security risks and threats arising internally and externally.

The Fraud Management function manages and mitigates the risk of relevant fraud and related losses. Some of its key activities involve developing and designing internal fraud controls which are regularly reviewed to ensure relevance and effectiveness. Fraud awareness activities, measures and continuous actions are taken to ensure telecommunication fraud is minimised and the requirement for preventive controls are embedded into business processes.

Security Assurance and Maturity Assessment activities in accordance with Information Security Forum standards are performed to ensure network security protection. This includes conducting security awareness sessions, running vulnerability management and security posture assessments, and continuous security monitoring and governance in security compliance audits and risk management. Digi complies with the ISO 27001:2013 – Information Security Management System.

Periodic meetings are held with the Digi Management Team and Chief Technology Officer to discuss and approve security initiatives, activities, policies and projects driven by the Security department.

Business Continuity Management (BCM)

Digi recognises the importance of providing uninterrupted mission critical and time sensitive products and services to its customers. Hence, disruptive incidents are handled and responded to effectively to ensure a structural recovery that safeguards the interests of its stakeholders, as well as to protect the credibility and reputation of Digi.

Digi complies with ISO 22301: Business Continuity Management. The Management continuously leads the drive to enhance Digi's Business Continuity processes which encompass emergency response, crisis management, crisis communication, business continuity and Network and IT disaster recovery. In addition, Digi has an annual BCM programme which includes awareness, training, review and validation on the efficiencies and effectiveness of BCM.

Statement on Risk Management and Internal Control

Controls over Financial Reporting

The Controls over Financial Reporting (CFR) function plays an important role in evaluating and improving effectiveness of key controls surrounding Digi's financial reporting process. Its primary objective is to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements. Reviews on internal controls over financial reporting is performed in accordance with Digi's Internal Control over Financial Reporting Framework, which requires assessment based on materiality of significant accounts, and testing and evaluation of the design and operational effectiveness of key controls.

The function adopts a continuous monitoring routine to follow up on unaddressed risks and non-operating controls, including periodic reporting to Management and the ARC on the status of controls over the financial reporting processes.

Organisation Structure

Digi has established an organisational structure with clearly defined lines of responsibility and accountability, proper segregation of duties and assignment of authority to ensure effective and independent stewardship.

Board and Management Committees

The Board Committees, namely the Audit and Risk, Nomination and Remuneration Committees have been established to assist the Board in executing its governance responsibilities and oversight function. These Board Committees have been delegated specific responsibilities all of which are governed by clearly defined Terms of Reference. The Terms of Reference of these Committees are accessible in the Corporate Governance section of Digi's website at <https://www.digi.com.my/our-company/our-governance>.

Various committees comprising key Management members have been established to assist and support the Board Committees to oversee core areas of business operations under their respective documented mandates. These Management Committees are:

Vendor and Investment Committee (VIC)

- Governs the approval process regarding material capital investments, operating expenditure, vendor evaluation criteria and vendor selection, in accordance with Digi's Delegation Authority Matrix (DAM)
- Occurs bi-weekly or ad hoc sessions where necessary
- Chaired by the Investment Controller with the VIC members as assigned / depicted in the Investment approval manual, in accordance with Digi's DAM to ensure sufficient quorum for all investment approvals

Regulatory Steering Committee (RSC)

- Set direction and make decisions on regulatory and industry related projects/topics that have a significant impact on Digi. The RSC shall also provide guidance, opinions and views in relation to Digi's position with external stakeholders on issues or topics that could potentially impact Digi in future, in relation to technology, revenue, customer experience, branding and corporate image
- Meets monthly
- Chaired by Head of Regulatory with key Management as RSC members

Risk Management Forum

- Forum members consists of Management who meets quarterly
- Reviews and deliberates on significant risks (threats and opportunities) in Digi
- Makes decisions on the coordinated action plans to mitigate risks

Responsible Business Forum (RBF)

- Chaired by the Chief Executive Officer (CEO), the forum includes the Chief Financial Officer (CFO), Chief Human Resource Officer (CHRO), Chief Technology Officer (CTO), Chief Corporate Affairs Officer (CCAO), and other key head of department members
- Formulates Responsible Business strategies, policies, and goals
- Monitors and facilitates adherence to the related Responsible Business policies and manuals
- Supports departments to meet Responsible Business goals
- Oversees Environmental, Social and Governance and Non-Financial Reporting performances
- Responsible Business is an ongoing agenda presented to the Board on a regular basis

Statement on Risk Management and Internal Control

Assignment of Authority

The DAM provides a framework of authority and accountability and outlines approval authority for strategic, capital, and operational expenditure. The DAM is reviewed and approved by the Board in line with changes in business needs.

Code of Conduct (the Code) & Agreement of Responsible Business Conduct (ABC)

The Code and ABC are a vital and integral part of Digi's governance regime that defines the core principles and ethical standards in conducting business and engaging with stakeholders and ensuring compliance with relevant laws and regulations. The Code applies to members of the Board and employees whilst the ABC and the Code apply to those acting on behalf of Digi. The relevant parties are required to confirm that they have read, understood and will adhere to the Code and ABC, respectively. The Group has communication channels that allow concerns of non-adherence to the Code and ABC to be anonymously reported.

Compliance

The Compliance Officer supports the CEO and the Board in ensuring that:

- The Code and ABC lay out good business practices, the relevant laws, regulations and widely recognised treaties
- The Code and ABC are implemented consistently and effectively through sharing of knowledge and measures for quality assurance
- Compliance incidents are consistently and effectively managed
- Reports on material breaches of the Code and ABC are made to the Compliance Committee (comprising members of the Management), members of the Board and ARC on a quarterly basis
- Capacity building for Employees, Business Partners, Management and Members of the Board and ARC on the Compliance requirements of the Group is conducted on a regular basis
- The effectiveness of the Compliance programme is periodically reviewed and improved
- Compliance risk assessment is conducted annually to prevent incidents from occurring through effective remediation and mitigation steps

- Commenced implementation of ISO 37001: Anti-Bribery Management System certification standards with the objective to improve the organisation's culture of integrity, governance and anti-corruption, reputation and the commitment of its top management and governing body
- Conduct Integrity Due Diligence background check on all high-risk Business Partners

Management and Board Meetings

Management meetings are held weekly to identify, discuss, approve and resolve strategic, operational, financial and key management issues pertaining to Digi's day-to-day business. Significant changes in the business and the external environment are reported by the Management to the Board on an on-going basis and/or during Board meetings.

Internal Audit

The Internal Audit function is established to undertake independent reviews and assessments on the adequacy, efficiency and effectiveness of risk management, internal controls and governance processes implemented by Management. To maintain impartiality, proficiency and due professional care, the Internal Audit function reports functionally to the ARC and administratively to the CEO.

The annual audit plan, established using a risk-based approach, is reviewed and approved by the Board annually. Audit reports, including audit recommendations, Management responses and remedial action plans for improvement and/or rectification are presented and tabled to the ARC on a quarterly basis. The status of the implementation is monitored by the ARC to ensure that they are addressed timely. If deemed necessary, management representative will be required to attend ARC meeting(s) to provide explanation and propose action plans on the significant audit findings.

Further information on the Internal Audit department's activities is detailed in the Audit and Risk Committee Report of this Integrated Annual Report.

Statement on Risk Management and Internal Control

REVIEW OF THIS STATEMENT BY EXTERNAL AUDITORS

The external auditors have performed limited assurance procedures on this Statement on Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guide 3 (AAPG 3), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants for inclusion in the Annual Report of the Group for the financial year ended 31 December 2021, and reported to the Board that nothing has come to their attention that cause them to believe the statement intended to be included in the Annual Report is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines, nor is the Statement factually inaccurate.

AAPG 3 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Directors and Management thereon. The report from the external auditors was made solely for and directed solely to the Board of Directors in connection with their compliance with the listing requirements of Bursa Malaysia and for no other purposes or parties. The external auditors do not assume responsibility to any person other than the Board of Directors in respect of any aspect of this report.

CONCLUSION

The Board has received assurance from the CEO and CFO that Digi's risk management and internal control framework is operating adequately and effectively, in all material aspects, during the financial year under review and up to the date of this Statement. Taking into consideration the assurance from Management and relevant assurance providers, the Board is of the view that the risk management and internal control practices and processes are operating adequately and effectively to safeguard the stakeholders' interests, shareholders' investment, customer's interests, and Digi's assets.

Additional Compliance Information

Other Disclosures

The following information is provided in accordance with Paragraph 9.25 of the Main Market Listing Requirements of Bursa Malaysia as set out in Appendix 9C thereto.

1. Audit and Non-Audit Fees

During the financial year, the amount incurred by Digi and the Group with respect to audit fees and non-audit related fees paid to external auditors for the financial year ended 31 December 2021 are as follows:-

	Company (RM)	Group (RM)
Audit Services	37,000	558,000
Non-Audit Services	832,000	1,086,000
Total Fees	869,000	1,644,000

The non-audit services comprised the following assignments: -

- (a) Attestation of non-financial reporting
- (b) Review of regulatory compliance reporting
- (c) Review of quarterly and year end reporting packages
- (d) Review of the Statement on Risk Management and Internal Control
- (e) Reporting Accountants for the proposed merger exercise between Digi and Celcom Axiata Berhad

2. Material Contracts

Save as disclosed below, there were no other material contracts entered into by the Company and its subsidiaries involving Directors and major shareholders' interests which were still subsisting as at the end of the financial year or which were entered into since the end of the previous financial year:

Share Purchase Agreement ("SPA") dated 21 June 2021 between Digi and Axiata Group Berhad ("Axiata")

Digi has on 21 June 2021 entered into a conditional SPA with Axiata for the proposed merger of the telco operations of Celcom Axiata Berhad ("Celcom") and Digi (the "Proposed Merger"). Pursuant to the SPA, Digi and Axiata have agreed for Axiata to transfer 1,237,534,681 ordinary shares in Celcom ("Celcom Shares"), representing 100% of the equity of Celcom to Digi for an aggregate consideration of RM17,746,156,250 which shall be satisfied by:-

- (i) Digi issuing concurrently:
 - (a) 73,378,844 fully paid-up new ordinary shares ("Digi Shares") or such other number of fully paid-up new Digi Shares representing 0.63% of the enlarged share capital of Digi on completion of the Proposed Merger (the "0.63% Digi Shares") to Telenor Asia Pte Ltd, a wholly-owned indirect subsidiary of Telenor ASA ("Telenor") and the largest shareholder of Digi ("Telenor Asia") as nominee of Axiata subject to, amongst others, the payment by Telenor Asia to Axiata of a cash consideration of RM297,918,107 ("0.63% Digi Shares Cash Consideration") in accordance with the terms set out in the Master Transaction Agreement dated 21 June 2021 between Axiata, Telenor and Telenor Asia; and
 - (b) 3,883,129,144 fully paid-up new Digi Shares or such other number of fully paid-up Digi Shares representing 33.10% of the enlarged share capital of Digi on completion of the Proposed Merger (the "33.10% Digi Shares") to Axiata,

Additional Compliance Information

- (ii) Digi making a cash payment of an amount equal to RM1,692,733,818 (which is subject to adjustment under the terms of the SPA) to Axiata.

As at 11 March 2022, the Proposed Merger has yet to be completed.

3. Recurrent Related Party Transaction of a Revenue or Trading Nature

At the Annual General Meeting held on 18 May 2021, Digi obtained a shareholders' mandate to allow the Group to entered into recurrent related party transactions of a revenue or trading nature.

The disclosure of the recurrent related party transactions conducted during the financial year ended 31 December 2021 is set out in the Integrated Annual Report on page 225.

4. Utilisation of Proceed from Corporate Proposals

There were no proceeds raised from corporate proposals during the financial year ended 31 December 2021.

5. Material Public Sanction or Penalty

There were no material public sanctions and/or penalties imposed on the Company, Directors or Management by the relevant regulatory bodies during the financial year ended 31 December 2021.

Statement of Responsibility by Directors

In respect of the preparation of the annual audited financial statements

The Directors are responsible for ensuring that the financial statements of Digi.Com Berhad and its subsidiaries (the Group) are drawn up in accordance with the applicable Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016.

The Directors are also responsible for ensuring that the annual audited financial statements of the Group are prepared with reasonable accuracy from the accounting records of the Group so as to give a true and fair view of the financial position of the Group as of 31 December 2021 and of their financial performance and cash flows for the year.

In reviewing the annual audited financial statements, the Directors have relied upon the Group's system of internal controls to provide them with reasonable grounds to believe that the Group's accounting records, as well as other relevant records, have been maintained by the Group in a manner that enables them to sufficiently conclude on the following:

- a. Selected and applied the appropriate and relevant accounting policies on a consistent basis;
- b. Made judgements and estimates that are reasonable and prudent; and
- c. Prepared the annual audited financial statements on a going concern basis.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Group to prevent and detect fraud and other irregularities.

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Notes to the Financial Statements

Directors' Report

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2021.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities and other information relating to subsidiaries are disclosed in Note 15 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Profit for the financial year, attributable to owners of the parent	1,162,105	1,132,418

There were no material transfers to or from reserves or provisions during the financial year, other than as disclosed in the financial statements.

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

The dividends paid by the Company since the end of the previous financial year were as follows:

	RM'000
In respect of the financial year ended 31 December 2020:	
Fourth interim single-tier dividend of 3.6 sen per ordinary share, declared on 27 January 2021 and paid on 26 March 2021	279,900
In respect of the financial year ended 31 December 2021:	
First interim single-tier dividend of 3.4 sen per ordinary share, declared on 23 April 2021 and paid on 25 June 2021	264,350
Second interim single-tier dividend of 3.6 sen per ordinary share, declared on 16 July 2021 and paid on 24 September 2021	279,900
Third interim single-tier dividend of 4.0 sen per ordinary share, declared on 21 October 2021 and paid on 17 December 2021	311,000

The board of directors had on 28 January 2022, declared a fourth interim single-tier dividend of 3.9 sen per ordinary share in respect of the financial year ended 31 December 2021 amounting to RM303.2 million. The financial statements for the current financial year do not reflect this fourth interim dividend. Such dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2022.

DIRECTORS

The names of the directors of the Company in office since the beginning of the financial year to the date of this report are:

Haakon Bruaset Kjoel	
Yasmin Binti Aladad Khan	
Vimala A/P V.R. Menon	
Lars Erik Tellmann	
Wenche Marie Agerup	
Datuk Iain John Lo	(Appointed on 24 May 2021)
Tan Sri Saw Choo Boon	(Retired on 18 May 2021)
Randi Wiese Heirung	(Resigned on 30 June 2021)

The names of the directors of the subsidiaries of the Company since the beginning of the financial year to the date of this report, not including those directors listed above are:

Albern A/L Murty	
Praveen Rajan A/L Nadarajan	
Kesavan A/L Sivabalan	(Appointed 4 January 2021)
Otto Magne Risbakk	(Appointed on 1 August 2021)
Inger Gloeersen Folkeson	(Resigned on 31 July 2021)

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that financial year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown below) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

The directors' benefits are as follows:

	Group	Company
	RM'000	RM'000
Non-executive:		
Fees	893	89
Benefits-in-kind	10	-
	903	89

Directors' Report

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

The Group maintains a directors' and officers' liability insurance for any legal liability incurred by the directors and officers in discharging their duties while holding office for the Group and the Company. In respect of the above, the total amount of insurance premium paid for the financial year ended 31 December 2021 was RM11,524 (2020: RM11,372). The directors and officers shall not be indemnified by such insurance for any deliberate negligence, fraud, intentional breach of law or breach of trust proven against them.

HOLDING COMPANIES

The immediate and ultimate holding companies are Telenor Asia Pte Ltd and Telenor ASA, incorporated in Singapore and Norway respectively. The ultimate holding company is listed on the Oslo Stock Exchange, Norway.

DIRECTORS' INTEREST

According to the register of directors' shareholdings, the interest of directors in office at the end of the financial year in the shares of the Company or its related corporations during the financial year were as follows:

	← Number of ordinary shares of NOK6 each →			
	1 January 2021	Acquired	Sold	31 December 2021
Ultimate holding company				
Telenor ASA				
Direct interest:				
Haakon Bruaset Kjoel	18,684	2,367	-	21,051
Lars Erik Tellmann	33,769	22,601	-	56,370
Wenche Marie Agerup	18,156	1,151	-	19,307

None of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

OTHER STATUTORY INFORMATION

- (a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
- (i) the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any material contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

Directors' Report

SIGNIFICANT EVENTS

Details of significant events are disclosed in Note 34 to the financial statements.

SUBSEQUENT EVENT

Details of subsequent event are disclosed in Note 35 to the financial statements.

AUDITORS

The auditors, Ernst & Young PLT, have expressed their willingness to continue in office.

The auditors' remuneration for the statutory audit for the financial year ended 31 December 2021 for the Group and the Company are RM558,000 and RM37,000 respectively.

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young PLT for the financial year ended 31 December 2021.

Signed on behalf of the board in accordance with a resolution of the directors dated 11 March 2022.

DATUK IAIN JOHN LO

Director

VIMALA A/P V.R. MENON

Director

Statement by Directors

Pursuant to Section 251(2) of the Companies Act 2016

We, Datuk Iain John Lo and Vimala A/P V.R. Menon, being two of the directors of Digi.Com Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 140 to 217 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the board in accordance with a resolution of the directors dated 11 March 2022.

DATUK IAIN JOHN LO

Director

VIMALA A/P V.R. MENON

Director

Statutory Declaration

Pursuant to Section 251(1)(b) of the Companies Act 2016

I, Otto Magne Risbakk, being the officer primarily responsible for the financial management of Digi.Com Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 140 to 217 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the above-named Otto Magne Risbakk at
Petaling Jaya in Selangor Darul Ehsan
on 11 March 2022

OTTO MAGNE RISBAKK

Before me,

Independent Auditors' Report

to the members of Digi.Com Berhad (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Digi.Com Berhad, which comprise the statements of financial position as at 31 December 2021 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 140 to 217.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021 and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. We have determined that there are no key audit matters to communicate in our report on the financial statements of the Company. The key audit matter for the audit of the financial statements of the Group is described below. This matter was addressed in the context of our audit of the financial statements of the Group as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying financial statements.

Independent Auditors' Report
to the members of Digi.Com Berhad (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

Key audit matters (Cont'd.)

Revenue recognition

Refer to Note 2.19.1 – Revenue from contracts with customers and Note 5 – Revenue.

The Group recognised total revenue of RM6.3 billion during the financial year ended 31 December 2021. Revenue was measured taking into account the bundling of services with handsets and discounts. The inherent industry risk arises from the complexity of the telecommunications billing system. Large volumes of data with a combination of different products sold and price changes during the financial year were processed through a number of different modules in the telecommunications billing system. These may have an impact on the amount of revenue recognised during the financial year. As such, we considered revenue recognition to be a key audit matter.

We performed the following audit procedures amongst others:

- Obtained an understanding of the Information Technology ("IT") automated and manual controls surrounding revenue systems and processes such as capturing and recording revenue transactions, authorisation of rate changes and timely updating of approved rate changes in the billing system, and tested the operating effectiveness of these IT automated and manual controls;
- Tested end-to-end reconciliation from billing system to accounting system including verifying material revenue adjustments passed into the accounting system;
- Tested the allocation of revenue to separately identifiable components of multiple element arrangements, particularly in relation to transactions that include the delivery of handset combined with a service element in the contracts, as well as the timing of the revenue recognised; and
- Evaluated appropriateness of revenue recognition policies.

Information other than the financial statements and auditors' report thereon

The directors of the Company are responsible for the other information. The other information comprises the directors' report and annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon, which we obtained prior to the date of this auditors' report.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditors' Report
to the members of Digi.Com Berhad (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

Responsibilities of the directors for the financial statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- (d) Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

Independent Auditors' Report
to the members of Digi.Com Berhad (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

Auditor's responsibilities for the audit of the financial statements (Cont'd.)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:
(Cont'd.)

- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

ERNST & YOUNG PLT

202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Kuala Lumpur, Malaysia
11 March 2022

TSEU TET KHONG @ TSAU TET KHONG

03374/06/2022 J
Chartered Accountant

Statements of Comprehensive Income

For the financial year ended 31 December 2021

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue	5	6,335,674	6,152,747	1,135,500	1,275,000
Other income		25,775	19,048	3,493	907
Cost of materials and traffic expenses		(1,753,764)	(1,538,639)	-	-
Sales and marketing expenses		(376,675)	(404,581)	-	-
Operations and maintenance expenses		(164,079)	(169,645)	-	-
Rental expenses		(57,253)	(21,485)	-	-
Staff expenses	7(b)	(244,569)	(242,099)	-	-
Depreciation expenses	7	(1,180,305)	(1,154,114)	-	-
Amortisation expenses	12	(83,160)	(67,689)	-	-
Other expenses		(771,715)	(768,869)	(6,626)	(194)
Finance costs	6	(245,585)	(212,547)	-	-
Interest income		30,541	29,919	70	102
Profit before tax	7	1,514,885	1,622,046	1,132,437	1,275,815
Taxation	8	(352,780)	(401,077)	(19)	(24)
Profit for the financial year, representing total comprehensive income for the financial year		1,162,105	1,220,969	1,132,418	1,275,791
Attributable to:					
Owners of the parent		1,162,105	1,220,969	1,132,418	1,275,791

	Note	Group	
		2021	2020
Earnings per share attributable to owners of the parent			
- basic (sen per share)	9	14.9	15.7

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

Statements of Financial Position

As at 31 December 2021

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Non-current assets					
Property, plant and equipment	11	2,863,675	2,883,143	-	-
Intangible assets	12	284,057	248,036	-	-
Right of use assets	13	2,828,720	3,031,878	-	-
Investments in subsidiaries	15	-	-	773,361	773,361
Other investment	16	78	78	-	-
Trade and other receivables	18	320,862	344,538	-	-
Contract costs	14	71,687	57,887	-	-
Contract assets	5	21,757	28,886	-	-
Derivative financial assets	19	26,365	61,728	-	-
		6,417,201	6,656,174	773,361	773,361
Current assets					
Inventories	17	116,568	137,207	-	-
Trade and other receivables	18	1,050,392	972,387	5	4
Contract assets	5	51,127	66,437	-	-
Income tax recoverable		-	51,676	-	-
Cash and short-term deposits	20	204,527	302,853	670	250
		1,422,614	1,530,560	675	254
Total assets		7,839,815	8,186,734	774,036	773,615
Non-current liabilities					
Loans and borrowings	21	3,835,854	4,677,523	-	-
Deferred tax liabilities	22	303,027	268,927	-	-
Other liabilities	23	136,053	120,255	-	-
		4,274,934	5,066,705	-	-

Statements of Financial Position
As at 31 December 2021

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Current liabilities					
Trade and other payables	24	1,444,024	1,432,986	3,882	729
Contract liabilities	5	346,088	306,283	-	-
Derivative financial liabilities	19	183	394	-	-
Loans and borrowings	21	1,123,421	774,510	-	-
Income tax payable		18,354	-	5	5
		2,932,070	2,514,173	3,887	734
Total liabilities		7,207,004	7,580,878	3,887	734
Equity					
Share capital	25	769,655	769,655	769,655	769,655
(Accumulated losses)/retained earnings	27	(136,844)	(163,799)	494	3,226
Total equity		632,811	605,856	770,149	772,881
Total equity and liabilities		7,839,815	8,186,734	774,036	773,615

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

Statements of Changes in Equity

For the financial year ended 31 December 2021

	Note	← Attributable to owners of the parent →		Total RM'000
		Share capital RM'000	(Accumulated losses)/ distributable retained earnings RM'000 (Note 27)	
Group				
At 1 January 2020		769,655	(109,668)	659,987
Total comprehensive income		-	1,220,969	1,220,969
Transaction with owners:				
Dividends on ordinary shares	10	-	(1,275,100)	(1,275,100)
At 31 December 2020		769,655	(163,799) ¹	605,856
Total comprehensive income		-	1,162,105	1,162,105
Transaction with owners:				
Dividends on ordinary shares	10	-	(1,135,150)	(1,135,150)
At 31 December 2021		769,655	(136,844) ¹	632,811
Company				
At 1 January 2020		769,655	2,535	772,190
Total comprehensive income		-	1,275,791	1,275,791
Transaction with owners:				
Dividends on ordinary shares	10	-	(1,275,100)	(1,275,100)
At 31 December 2020		769,655	3,226	772,881
Total comprehensive income		-	1,132,418	1,132,418
Transaction with owners:				
Dividends on ordinary shares	10	-	(1,135,150)	(1,135,150)
At 31 December 2021		769,655	494	770,149

Note: ¹ In the previous financial years, as part of the Group's capital management initiatives, the Company received dividends in specie from its subsidiary, Digi Telecommunications Sdn. Bhd. ("DTSB"), in the form of bonus issue of redeemable preference shares and capital repayment by DTSB amounting to RM509.0 million and RM495.0 million respectively. The Company has declared part of these as special dividend to its shareholders. The deficit arose from the elimination of these intra-group dividends at Group level.

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

Statements of Cash Flows

For the financial year ended 31 December 2021

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash flows from operating activities					
Profit before tax		1,514,885	1,622,046	1,132,437	1,275,815
Adjustments for:					
Amortisation of intangible assets	12	83,160	67,689	-	-
Depreciation					
- property, plant and equipment	11	697,383	678,447	-	-
- right of use assets	13	482,922	475,667	-	-
Allowance for expected credit loss on trade receivables and contract assets	31.2	54,506	81,588	-	-
Amortisation of contract cost	14	83,439	87,199	-	-
Inventories written (back)/down		(1,141)	212	-	-
Dividend income		-	-	(1,135,500)	(1,275,000)
Finance costs	6	245,585	212,547	-	-
Loss on disposal of property, plant and equipment		13,681	2,604	-	-
Loss on disposal of intangible assets		2,012	-	-	-
Gain on termination of leases		(384)	(72)	-	-
Write-off of property, plant and equipment		1,041	50,708	-	-
Write-off of intangible assets		-	120	-	-
Interest income		(30,541)	(29,919)	(70)	(102)
Reversal of provision for employee leave entitlements	23.1	-	(161)	-	-
Waiver of debt		-	-	(3,493)	(907)
Employee benefits					
- share-based payment		1,357	1,871	-	-
- defined benefit plan	26	67	93	-	-
Fair value gain on foreign currency forward contracts		(211)	(25)	-	-
Unrealised foreign exchange gain		(1,435)	(259)	-	-
Operating cash flows before changes in working capital		3,146,326	3,250,355	(6,626)	(194)

Statements of Cash Flows
For the financial year ended 31 December 2021

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash flows from operating activities (Cont'd.)					
Changes in working capital:					
Inventories		21,780	(46,918)	-	-
Trade and other receivables		(322,538)	126,184	(1)	-
Contract asset		22,439	8,786	-	-
Contract costs		(97,239)	(78,916)	-	-
Trade and other payables		11,383	(353,193)	6,646	256
Contract liabilities		39,805	22,711	-	-
Cash flows from operations		2,821,956	2,929,009	19	62
Advance payment for bandwidth		(4,095)	(10,872)	-	-
Interest paid		(202,387)	(246,989)	-	-
Proceeds from government grants		239,133	154,263	-	-
Payments for provisions	23.1	(27)	(334)	-	-
Taxes paid		(248,650)	(393,019)	(19)	(32)
Net cash flows from operating activities		2,605,930	2,432,058	-	30
Cash flows from investing activities					
Purchase of property, plant and equipment		(681,817)	(617,980)	-	-
Purchase of intangible assets		(121,537)	(102,249)	-	-
Additional investment in a subsidiary		-	-	-	(610)
Dividends received from a subsidiary	5	-	-	1,135,500	1,275,000
Interest received		8,572	11,617	70	102
Proceeds from disposal of property, plant and equipment		1,113	110	-	-
Proceeds from disposal of intangible assets		344	-	-	-
Net cash flows (used in)/from investing activities		(793,325)	(708,502)	1,135,570	1,274,492

Statements of Cash Flows
For the financial year ended 31 December 2021

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash flows from financing activities					
Repayment of loans and borrowings		(375,000)	(375,000)	-	-
Drawdown of loans and borrowings		-	150,000	-	-
Payment of lease liabilities		(401,415)	(379,422)	-	-
Dividends paid	10	(1,135,150)	(1,275,100)	(1,135,150)	(1,275,100)
Net cash flows used in financing activities		(1,911,565)	(1,879,522)	(1,135,150)	(1,275,100)
Net (decrease)/increase in cash and cash equivalents		(98,960)	(155,966)	420	(578)
Effect of exchange rate changes on cash and cash equivalents		634	1,103	-	-
Cash and cash equivalents at beginning of financial year		302,853	457,716	250	828
Cash and cash equivalents at end of financial year	20	204,527	302,853	670	250

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

Notes to the Financial Statements

31 December 2021

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities"). The principal place of business is located at Lot 10, Jalan Delima 1/1, Subang Hi-Tech Industrial Park, 40000 Shah Alam, Selangor Darul Ehsan. The registered office of the Company is located at 12th Floor, Menara Symphony, No. 5, Jalan Professor Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor.

The immediate and ultimate holding companies are Telenor Asia Pte Ltd and Telenor ASA, incorporated in Singapore and Norway respectively. The ultimate holding company is listed on the Oslo Stock Exchange, Norway.

The principal activity of the Company is investment holding, whilst the principal activities of the subsidiaries are stated in Note 15. There has been no significant change in the nature of the principal activities during the financial year.

Related companies refer to companies within the Telenor Asia Pte Ltd and Telenor ASA group of companies.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The financial statements of the Group and of the Company have been prepared on the historical cost convention unless indicated otherwise in the accounting policies below.

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand ("RM'000") except when otherwise indicated.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

The Company controls an investee if, and only if, the Company has all the following:

- (i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) Exposure, or rights, to variable returns from its investment with the investee; and
- (iii) The ability to use its power over the investee to affect its returns.

Notes to the Financial Statements
31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Basis of consolidation (Cont'd.)

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with MFRS 9. Other contingent consideration that is not within the scope of MFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**2.3 Investment in subsidiaries**

In the Company's separate financial statements, investment in subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2.4 Property, plant and equipment, and depreciation

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment, except for freehold land and capital work-in-progress, are measured at cost less accumulated depreciation and accumulated impairment losses, if any. The cost of an item includes expenditure that is attributable to the acquisition of the item. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of the replaced part is then derecognised. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the asset as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit and loss as incurred.

Freehold land has an unlimited useful life and is therefore not depreciated. Capital work-in-progress representing assets under construction, is also not depreciated as these assets are not yet available for its intended use. Depreciation of other property, plant and equipment is computed on a straight-line basis to write down the cost of each asset to its residual value over the estimated useful life, at the following annual rates or periods:

Buildings	2.0%
Motor vehicles	20.0%
Computer systems	20.0% - 33.3%
Furniture and fittings	20.0%
Telecommunications network	3.3% - 33.3%

The residual values, useful lives and depreciation method are reviewed at each financial year end, and adjusted prospectively, if appropriate, to ensure that the amount, method and period of depreciation are consistent with the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from the difference between the net disposal proceeds, if any, and the net carrying amount is recognised in profit and loss in the financial year the asset is derecognised.

Notes to the Financial Statements
31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.5 Intangible assets

Intangible assets acquired separately are initially measured at cost. Following initial recognition, intangible assets are measured at cost less accumulated amortisation and accumulated impairment losses, if any. The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least during each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated prospectively as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit and loss.

Intangible assets not yet available for use are tested for impairment annually, or more frequently if events and circumstances indicate that the carrying value may be impaired either individually or at the cash generating unit ("CGU") level. Such intangible assets are not amortised.

Any gain or loss arising from derecognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the asset, and is recognised in profit and loss when the asset is derecognised.

Computer software

Costs incurred to acquire computer software, that are not an integral part of the related hardware, are capitalised as intangible assets and amortised on a straight-line basis over the estimated useful life of 5 years.

2.6 Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, impairment is measured by comparing the carrying amounts of the assets with their recoverable amounts.

For intangible assets not yet available for use, the recoverable amount is estimated at the end of each reporting period, or more frequently if events and circumstances indicate that the carrying value may be impaired either individually or at the cash generating unit ("CGU") level.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows, namely a CGU.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.6 Impairment of non-financial assets (Cont'd.)

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units, if any and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment is recognised whenever the carrying amount of an asset or CGU exceeds its recoverable amount, and the impairment loss is recognised as an expense in profit and loss in the period in which it arises.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed if, and only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2.7 Inventories

Inventories are stated at lower of cost and net realisable value. Cost is determined using the weighted average basis. The cost of trading merchandise comprises costs of purchases and other incidental costs incurred in bringing these merchandise to their present condition and location.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

2.8 Financial assets

2.8.1 Initial recognition and measurement

Financial assets are classified, at initial recognition as, subsequently measured at amortised cost, fair value through other comprehensive income ("OCI"), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and Company's business model for managing them. The Group and the Company initially measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs except for trade receivables that do not contain a significant financing component. Trade receivables that do not contain a significant financing component are measured at the transaction price determined under MFRS 15: Revenue from Contracts with Customers ("MFRS 15").

Notes to the Financial Statements
31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.8 Financial assets (Cont'd.)

2.8.1 Initial recognition and measurement (Cont'd.)

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI")' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's and the Company's business model for managing financial assets refer to how the financial assets are managed in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

2.8.2 Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

The Group and the Company do not have any debt instruments at fair value through OCI with recycling of cumulative gains and losses.

(a) Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group and the Company. The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.8 Financial assets (Cont'd.)

2.8.2 Subsequent measurement (Cont'd.)

(a) Financial assets at amortised cost (debt instruments) (Cont'd.)

Financial assets at amortised cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's and the Company's financial assets at amortised cost includes trade and other receivables and cash and short-term deposits.

(b) Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under MFRS 132 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its non-listed equity investments under this category.

(c) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives are classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Notes to the Financial Statements
31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.8 Financial assets (Cont'd.)

2.8.2 Subsequent measurement (Cont'd.)

(c) Financial assets at fair value through profit or loss (Cont'd.)

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the profit or loss.

This category includes derivative instruments such as foreign currency forward contracts and interest rate swaps. Derivative instruments are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

2.8.3 Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's and Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

When the Group and the Company have transferred their rights to receive cash flows from an asset or have entered into a pass-through arrangement, the Group and the Company evaluate if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.9 Impairment of financial assets and contract assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss and contract assets. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the category of debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are overdue for more than 60 days. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.10 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and at banks and deposits with licensed banks with a maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts, if any, that form an integral part of the Group's cash management.

Interest income is recognised in profit or loss by applying the effective interest rate to the gross carrying amount of the financial assets.

2.11 Provision for liabilities

Provisions for liabilities are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made.

Notes to the Financial Statements
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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.11 Provision for liabilities (Cont'd.)

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability to the present value of the expenditure expected to be required to settle the obligation. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(a) Employee leave entitlements

Employees' entitlement to annual leave are recognised when the associated services performed by employees increase their entitlements to annual leave. A provision is made for the estimated liability for the annual leave as a result of services rendered by employees up to the end of the reporting period netted off against annual leave utilised to date.

(b) Site decommissioning and restoration costs

Provision for site decommissioning and restoration costs is in respect of management's best estimate on the costs necessary to be incurred to decommission the Group's telecommunications network infrastructure and restore the previously occupied sites.

The estimated amount is determined after taking into consideration the time value of money, and the initial estimated sum is capitalised as part of the cost of property, plant and equipment. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(c) Defined benefit plan

Provision for defined benefit plan for eligible employees is as disclosed in Note 2.16(c).

2.12 Financial liabilities

2.12.1 Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's and the Company's financial liabilities include derivative financial instruments and other financial liabilities.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.12 Financial liabilities (Cont'd.)

2.12.2 Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

(a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as financial liabilities at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by MFRS 9.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 9 are satisfied. This category includes derivative instruments such as foreign currency forward contracts and interest rate swaps.

(b) Other financial liabilities

The Group's and the Company's other financial liabilities include trade and other payables, and loans and borrowings.

After initial recognition, trade and other payables and interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the profit or loss.

This category generally applies to interest-bearing loans and borrowings and trade and other payables. For more information, refer to Note 21 and Note 24.

Notes to the Financial Statements
31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.12 Financial liabilities (Cont'd.)

2.12.3 Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

2.12.4 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.13 Borrowing costs

Borrowing costs are recognised in profit and loss as an expense in the period in which they are incurred.

Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

2.14 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of their liabilities. Ordinary shares are equity instruments.

The attributable incremental transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.15 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right of use ("ROU") assets representing the right to use the underlying assets.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**2.15 Leases (Cont'd.)***Group as a lessee (Cont'd.)***(a) ROU assets**

The Group recognises ROU assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). ROU assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of ROU assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

The Group elected to apply the practical expedient not to separate out non-lease components from lease components and instead account for the lease and non-lease component as a single component.

ROU assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Leasehold land and buildings	1% - 3%
Telecommunication network sites	10% - 33%
Transmission facilities	10% - 20%
Spectrum bandwidths	6.3% - 66.7%
Stores, office buildings and kiosks	33.3%

The ROU assets are also subject to impairment. Refer to Note 2.6 for accounting policy on impairment of non-financial assets.

(b) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate and are dependant on a future activity are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification or a change in the lease term.

The Group's lease liabilities are included in loans and borrowings. Please refer to Note 21.

Notes to the Financial Statements
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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.15 Leases (Cont'd.)

Group as a lessee (Cont'd.)

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of telecommunication network sites, equipment and billboard spaces (i.e., those leases that have a lease term of 12 months or less from the commencement date). It also applies the lease of low-value assets recognition exemption to leases of office equipment and storage spaces that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.16 Employee benefits

(a) Short-term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the period in which the associated services are rendered by employees. Short-term accumulated compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences netted off against annual leave utilised to date, and short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(b) Defined contribution plan

As required by law, companies in Malaysia make contributions to the state-defined contribution pension scheme known as the Employee Provident Fund, and will have no legal or constructive obligation to make further contributions in the future, over-and-above what is existingly legally required. The contributions are recognised as an expense in profit and loss in the period which the related services are rendered by employees.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.16 Employee benefits (Cont'd.)

(c) Defined benefit plan

The Group operates an unfunded defined benefit plan for its eligible employees. The benefits are calculated based on the length of service and the agreed percentages of eligible employees' salaries over the period of their employment and are payable upon resignation after completion of the minimum employment period of ten years or upon retirement age of sixty years. The Group's obligations under the retirement benefit scheme, calculated using the Projected Unit Credit Method, is determined based on actuarial computations by independent actuaries, through which the amount of benefit that employees have earned in return for their service in the current and prior years is estimated. That benefit is discounted in order to determine its present value.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income in the period in which they occur and recorded in defined benefit reserve. Remeasurements are not reclassified to profit and loss in subsequent periods.

Past service costs are recognised in profit and loss on the earlier of:

- The date of the plan amendment or curtailment; or
- The date that the Group recognises restructuring related costs.

Net interest and other expenses relating to defined benefit plans are calculated by applying the discount rate to the net defined benefit liability or asset and recognised in profit and loss.

The Group amended the defined benefit plan effective 1 January 2006 to restrict new entrants into the plan, and the benefits payable to be calculated based on the employees' length of service up to 31 December 2005.

2.17 Income taxes

(a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

Notes to the Financial Statements
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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.17 Income taxes (Cont'd.)

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, and deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(c) Sales and Services Tax ("SST")

SST is recognised as part of the expense or cost of acquisition of the asset as SST is not recoverable.

Revenue is recognised net of the amount of SST billed as it is payable to the taxation authority. SST payable to the taxation authority is included as part of payables in the statements of financial position.

2.18 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the financial statements.

2.19 Revenue recognition

2.19.1 Revenue from contracts with customers

The Group is in the business of providing telecommunication and related services.

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, net of indirect taxes.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.19 Revenue recognition (Cont'd.)

2.19.1 Revenue from contracts with customers (Cont'd.)

The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

(a) Telecommunication revenue

Telecommunication revenue from postpaid and prepaid services provided by the Group are recognised over time, as the benefits of telecommunication services are simultaneously received and consumed by the customer.

Revenue from prepaid services (i.e. preloaded talk time, prepaid top-up vouchers, etc.) are recognised when services are rendered. Consideration from the sale of prepaid sim cards and reload vouchers to customers where services have not been rendered at the reporting date is deferred as contract liability until actual usage or when the cards, vouchers or reloaded amounts are expired or forfeited.

Postpaid services are provided in postpaid packages which consists of various services (i.e. call minutes, internet data, sms, etc.). These postpaid packages have been assessed to meet the definition of a series of distinct services that are substantially the same and have the same pattern of transfer and as such the Group treats these packages as a single performance obligation.

Postpaid packages are either sold separately or bundled together with the sale of a mobile device to a customer. Mobile devices can also be obtained separately from other mobile device retailers and can be used together with the postpaid packages provided by the Group. Postpaid packages and mobile devices are capable of being distinct and separately identifiable, therefore, there are two performance obligations within a bundled transaction. Accordingly, the Group allocates the transaction price based on the relative stand-alone selling prices of the postpaid packages and device.

Stand-alone selling price are based on observable sales prices; however, where stand-alone selling prices are not directly observable, estimates will be made maximising the use of observable inputs.

(b) Sale of device

Revenue from sale of device is recognised at the point in time when control of the asset is transferred to the customer, usually on delivery and acceptance of the device.

Notes to the Financial Statements
31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.19 Revenue recognition (Cont'd.)

2.19.1 Revenue from contracts with customers (Cont'd.)

(b) Sale of device (Cont'd.)

Payment for the transaction price of the mobile device is typically collected at the point the customer signs up for the bundled contract, except for bundled packages that have a payment structure allowing customers to pay for the mobile device over a period of time. For these arrangements the Group discounts the transaction price using the rate that would be reflected in a separate financing transaction between the Group and its customers at contract inception, to take into consideration the significant financing component.

Certain bundled contracts provide the customer with a right to return the mobile devices during a specified time frame. The Group uses the expected value method to estimate the mobile devices that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in MFRS 15 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For mobile devices that are expected to be returned, the Group adjusts revenue and recognises a refund liability instead. Correspondingly, costs of sales is also adjusted and a right of return asset is recognised as the right to recover the mobile device from the customer.

(c) Contract balances

(i) Contract assets

A contract asset is the right to consideration in exchange for goods or services (i.e. mobile devices or telecommunication services) transferred to the customer. If the Group transfers goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Contract assets are subject to impairment assessment based on the ECL model.

(ii) Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e. only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in Note 2.8.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.19 Revenue recognition (Cont'd.)

2.19.1 Revenue from contracts with customers (Cont'd.)

(c) Contract balances (Cont'd.)

(iii) Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

For prepaid services, a contract liability is recognised when consideration is received from a customer, but services are yet to be performed.

(d) Cost to obtain a contract

The Group pays sales commissions to external sales channels and employees as an incentive for each new customer registration to the Group's telecommunication services. Sales commissions have been determined to be an incremental cost of obtaining a contract and are capitalised as contract costs when the Group expects these costs to be recovered over a period of more than one year.

Contract costs are amortised on a straight-line basis over the expected customer life cycle, which is consistent with the pattern of the related revenue. For contract costs with an amortisation period of less than one year, the Group has elected to apply the practical expedient to recognise as an expense when incurred.

Amortisation of contract costs are included as part of operating expenses in the profit or loss, based on the nature of commission costs, and not under amortisation expenses.

The Group recognises an impairment loss in profit or loss to the extent that the carrying amount of the contract costs recognised exceeds the remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the contract costs relate, less the remaining costs that relate directly to providing those goods or services (that have not been recognised as an expense).

Notes to the Financial Statements
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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.19 Revenue recognition (Cont'd.)

2.19.1 Revenue from contracts with customers (Cont'd.)

(d) Cost to obtain a contract (Cont'd.)

When there are indications of impairment, relating to the CGU to which the contract costs belong, the Group will include the resulting carrying amount of contract costs after performing the impairment test above, in the carrying amount of the CGU for the purpose of applying MFRS 136.

When impairment conditions no longer exist or have improved, the Group will recognise a reversal of some or all of the impairment losses previously recognised on the contract costs. The increased carrying amount of the contract costs should not exceed the amount that would have been determined (net of amortisation) had no impairment loss been recognised previously.

2.19.2 Dividend income

Dividend income is recognised when the Company's right to receive payment is established, and is presented as revenue in profit or loss, aligned with the principal activity of the Company as an investment holding entity.

2.19.3 Lease income

Lease income is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

2.20 Government grants

As a universal service provider ("USP"), the Group is entitled to claim certain qualified expenses from the Malaysian Communications and Multimedia Commission ("MCMC") in relation to USP projects. These claims are treated as government grants and recognised at their fair values where there is reasonable assurance that the grants will be received and the Group complies with all the attached conditions.

A grant relating to the asset is deducted against the carrying amount of the asset, and recognised in profit or loss over the life of the depreciable asset by way of a reduced depreciation charge. Grant relating to expense is recognised in profit and loss by crediting directly against the related expense.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.21 Foreign currency transactions

(a) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements of the Group are presented in RM, which is also the functional currency of all entities in the Group.

Transactions in foreign currencies are initially converted into RM at exchange rates prevailing at the date of transaction. At each reporting date, foreign currency monetary items are translated into RM at exchange rates prevailing at that date. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rate as of the date of acquisition.

(b) Foreign currency transactions

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss. Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income. Exchange differences arising from such non-monetary items are also recognised directly in other comprehensive income.

2.22 Fair value measurement

The Group measures financial instruments such as derivatives at fair value at each reporting date. The fair values of financial instruments measured at amortised cost are disclosed in Note 31.6.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- (i) In the principal market for the asset or liability; or
- (ii) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Notes to the Financial Statements
31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.22 Fair value measurement (Cont'd.)

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- (i) Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- (ii) Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- (iii) Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.23 Current versus non-current classification

The Group presents assets and liabilities in statements of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.23 Current versus non-current classification (Cont'd.)

All other assets are classified as non-current. A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.24 Segment reporting

The Group provides telecommunication and related services to customers across the country and its services and products essentially have a similar risk profile. Business activities of the Group are not organised by product or geographical components and its operating result is reviewed as a whole by its management. Accordingly, there is no separate segment, as disclosed in Note 33.

3. CHANGES IN ACCOUNTING POLICIES

3.1 Adoption of new and amended MFRSs and interpretation

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2021, the Group and the Company adopted the following amended MFRS mandatory for annual financial periods beginning on or after 1 January 2021.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform - Phase 2	1 January 2021

The adoption of the above amendments did not have any significant effect on the financial statements of the Group and of the Company.

Notes to the Financial Statements
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3. CHANGES IN ACCOUNTING POLICIES (CONT'D.)

3.2 Standards issued but not yet effective

The standards and amendments that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards and amendments, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 16: Leases - Covid-19 Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to MFRS 1, MFRS 9 and MFRS 141: Annual Improvements to MFRS Standards 2018-2020	1 January 2022
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
MFRS 17: Insurance Contracts	1 January 2023
Amendments to MFRS 17: Insurance Contracts	1 January 2023
Amendments to MFRS 17: Insurance Contracts - Initial Application of MFRS 17 and MFRS 9 - Comparative Information	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The directors expect that the adoption of the above standards and amendments will not have a material impact on the financial statements in the period of initial application.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

There were no significant judgements made in applying the accounting policies of the Group which may have significant effects on the amounts recognised in the financial statements.

Management makes key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

The following represents a summary of the critical accounting estimates and the associated key sources of estimation uncertainty.

4.1 Useful lives of property, plant and equipment and intangible assets

Depreciation and amortisation are based on management's estimates of the future estimated useful lives and residual values of property, plant and equipment and intangible assets. Estimates may change due to technological developments, modernisation initiatives, expected level of usage, competition, market conditions and other factors, which could potentially impact the average useful lives and the residual values of these assets. This may result in future changes in the estimated useful lives and in the depreciation or amortisation expenses. A 5.0% difference in the expected useful lives of these assets from management's estimates would result in approximately 3.5% (2020: 1.6%) variance in the Group's profit for the financial year. The carrying amounts of property, plant and equipment and intangible assets at the reporting date are disclosed in Note 11 and Note 12, respectively.

4.2 Provision for expected credit losses of trade receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e. customer type and rating).

The provision matrix is initially based on the Group's historical observed default rates. The Group then adjusts the historical credit loss experience taking into consideration the forward-looking information. For example, if the Group's view of the forecasted economic conditions (i.e. inflation rate, unemployment rate, interest rate and economic outlook for Malaysia) are expected to significantly deteriorate over the next financial year which may lead to an increase in the unrecoverable rate of the receivables and contract assets. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The Group estimates the relationship between historical observed default rates, forecast economic conditions and ECL which may not be representative of customer's actual default in the future. The information about the provision matrix on the Group's trade receivables and contract assets is disclosed in Note 31.2.

If the historical observed default rates varies by 5.0% from management's estimates, the Group's allowance for expected credit loss on trade receivables and contract assets will cause either a 0.1% (2020: 0.2%) increase or 0.1% (2020: 0.2%) decrease respectively in the Group's profit for the financial year.

Notes to the Financial Statements
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4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D.)

4.3 Deferred tax

Deferred tax implications arising from the changes in corporate income tax rates are measured with reference to the estimated realisation and settlement of temporary differences in the future periods in which the tax rates are expected to apply, based on the tax rates enacted or substantively enacted at the reporting date. While management's estimates on the realisation and settlement of temporary differences are based on the available information at the reporting date, changes in business strategy, future operating performance and other factors could potentially impact the actual timing and amount of temporary differences realised and settled. Any difference between the actual amount and the estimated amount would be recognised in profit and loss in the period in which actual realisation and settlement occurs. The carrying amount of deferred tax liabilities is disclosed in Note 22.

4.4 Income taxes

Significant estimation is involved in determining the Group's provision for income taxes as there are certain transactions and computations for which the final tax treatment is uncertain at the reporting date.

Where the final tax treatment of these matters are different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which determination of final tax treatment is made.

4.5 Provisions for liabilities

Provision for site decommissioning and restoration costs are provided based on the present value of the estimated future expenditure to be incurred for dismantling the inactive sites. Significant management assumption and estimation are required in determining the discount rate and the expenditure to be incurred for dismantling each network infrastructure sites. Where expectations differ from the original estimates, the differences will impact the carrying amount of provision for site decommissioning and restoration costs. The carrying amount of provision for site decommissioning and restoration costs at the reporting date is disclosed in Note 23.

4.6 Revenue recognition - determining stand-alone selling price ("SSP")

The Group has assessed that there are two performance obligations for bundled contracts where the Group needs to allocate the transaction price between the telecommunication service and mobile device based on their relative SSP.

SSP for telecommunication services and mobile devices are based on observable sales prices; however, where certain SSP are not directly observable, estimates will be made maximising the use of observable inputs.

The estimation of SSP is a significant estimate as it will directly determine the amount of revenue to be recognised up front (sale of device) and amount of revenue to be recognised over time (telecommunication revenue). For example, a lower SSP for mobile device will result in a lower amount of revenue recognised upfront and higher amount of revenue recognised over the contract period.

The revenue recognised in the current financial year in relation to sale of device and telecommunication revenue is detailed in Note 5.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D.)

4.7 Estimating the lease term - Group as a lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to exercise the option, or any periods covered by an option to terminate the lease, if it is reasonably certain not to exercise the option, within the period for which the contract is enforceable.

In determining the lease term, the Group considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. For example, for leases of certain telecommunication network sites, if the Group expects to use significant non-removable leasehold improvements beyond the date on which the lease can be terminated, the existence of those leasehold improvements may indicate that the Group might incur a more than insignificant penalty if it terminates the lease.

For leases of telecommunication network sites, other factors to consider in assessing the lease term include the technology development and potential changes in business models.

The Group reassesses the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Group and affects whether the Group is reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in remeasurement of the lease liabilities.

Based on the assessment of these factors, the lease term for the Group's leases relating to telecommunication network sites will normally be within a range of 3 to 10 years.

4.8 Estimating the incremental borrowing rate for leases

In measuring its lease liabilities, the Group has used its incremental borrowing rate ("IBR") to present value the future lease payments, as the interest rate implicit in the lease cannot be readily determined.

The IBR is the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

To determine the incremental borrowing rate for its leases, the Group makes adjustments to the existing rates received from financial institutions, taking into consideration the lease term and leased assets. The Group also considers changes in the financing condition since the last offered rates from the financing institutions.

The carrying amount of lease liabilities is disclosed in Note 13.

Notes to the Financial Statements
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5. REVENUE

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Revenue from contracts with customers (Note 5.1)	6,240,422	6,068,991	-	-
Lease income (Note 5.4)	95,252	83,756	-	-
Dividend income from a subsidiary	-	-	1,135,500	1,275,000
	6,335,674	6,152,747	1,135,500	1,275,000

5.1 Disaggregation of revenue from contracts with customers

In the following table, revenue is disaggregated by major products or service lines (which also represents the Group's defined performance obligations).

Group	Note	2021	2020
		RM'000	RM'000
Major products/service lines			
Telecommunication revenue	(a)	5,341,404	5,427,787
Sales of devices	(b)	899,018	641,204
Total revenue from contracts with customers		6,240,422	6,068,991

The timing of revenue recognition for respective major products or service lines are as follows:

- (a) Services transferred over time
- (b) Products transferred at a point in time

5.2 Contract balances

	Note	Group	
		2021	2020
		RM'000	RM'000
Non-current assets			
Trade receivables	18	122,247	129,767
Contract assets		21,757	28,886
Current assets/(liabilities)			
Trade receivables	18	437,374	389,000
Contract assets		51,127	66,437
Contract liabilities		(346,088)	(306,283)

5. REVENUE (CONT'D.)**5.2 Contract balances (Cont'd.)**

Contract assets primarily relate to rights to consideration for mobile devices transferred to subscribers but not billed at the reporting date. Contract assets are transferred to receivables when the rights become unconditional. As at 31 December 2021, the Group has contract assets of RM72.9 million (2020: RM95.3 million) which is net of an allowance for expected credit losses of RM4.5 million (2020: RM4.5 million).

Contract liabilities mainly relate to advance consideration received from subscribers at inception of contracts, for which revenue is only recognised upon rendering of telecommunication service.

All contract liabilities at the beginning of the financial year have been recognised as revenue in the current financial year.

5.3 Right of return asset and refund liabilities

	Group	
	2021	2020
	RM'000	RM'000
Right of return assets	-	36,740
Refund liabilities	-	(36,740)

5.4 Group as a lessor

The Group has entered into operating leases on certain network telecommunication sites. These leases have lease terms between one to six years. Lease income recognised by the Group during the financial year is RM95.3 million (2020: RM83.8 million).

The future minimum rentals receivable under non-cancellable operating leases are as follows:

	2021	2020
	RM'000	RM'000
Within one financial year	85,967	79,962
After one financial year but not more than five financial years	182,956	224,029
More than five financial years	24,431	21,439
	293,354	325,430

Notes to the Financial Statements
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6. FINANCE COSTS

	Note	Group	
		2021 RM'000	2020 RM'000
Interest expense on:			
- Loans and borrowings		85,306	104,200
- Others		8,822	7,820
Unwinding of discount:			
- Lease liabilities	13	112,269	126,796
- Site decommissioning and restoration costs	23.1	3,825	14,410
Net change in fair value of derivative financial instruments:			
- Interest rate swaps		35,363	(40,679)
		245,585	212,547

7. PROFIT BEFORE TAX

Profit before tax is derived after deducting/(crediting):

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Allowance for expected credit losses on trade receivables and contract assets	31.2	54,506	81,588	-	-
Depreciation		1,180,305	1,154,114	-	-
- property, plant and equipment	11	697,383	678,447	-	-
- ROU asset	13	482,922	475,667	-	-
Amortisation of contract cost	14	83,439	87,199	-	-
Auditors' remuneration:					
- statutory audit		558	638	37	35
- other services	7(a)	1,086	464	832	62
Staff expenses	7(b)	244,569	242,099	-	-
Non-executive directors' remuneration excluding benefits-in-kind	7(c)	893	897	89	90

Notes to the Financial Statements
31 December 2021

7. PROFIT BEFORE TAX (CONT'D.)

Profit before tax is derived after deducting/(crediting): (Cont'd.)

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Transmission facilities services		188,848	165,974	-	-
Inventories written (back)/down		(1,141)	212	-	-
Rental of land and buildings		36,614	2,883	-	-
Rental of equipment and others		25,204	22,579	-	-
Realised foreign exchange gain		(469)	(2,083)	-	-
Unrealised foreign exchange gain		(1,435)	(259)	-	-
Fair value gain on foreign currency forward contracts		(211)	(25)	-	-
Loss on disposal of property, plant and equipment		13,681	2,604	-	-
Loss on disposal of intangible assets		2,012	-	-	-
Gain on termination of leases		(384)	(72)	-	-
Write-off of property, plant and equipment		1,041	50,708	-	-
Write-off of intangible asset		-	120	-	-
Bad debts recovered		(21,946)	(16,149)	-	-
Waiver of debt		-	-	(3,493)	(907)
Interest income from deposits with licensed banks		(8,600)	(11,291)	(70)	(102)
Unwinding of significant financing component of revenue contracts with deferred payment scheme		(21,941)	(18,628)	-	-

- (a) Fees for other services were incurred in connection with performance of agreed upon procedures, regulatory compliance reporting and services rendered as the reporting accountant for the proposed merger of the Company ("Digi") and Celcom Axiata Berhad ("Celcom"). Please refer to Note 34 for further details on the proposed merger exercise.

Notes to the Financial Statements
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7. PROFIT BEFORE TAX (CONT'D.)

- (b) Staff expenses incurred by the Group net of capitalisation of employee benefits expense in property, plant and equipment during the financial year comprise:

	Note	Group	
		2021 RM'000	2020 RM'000
Salaries and bonuses		195,411	195,223
Defined contribution plan		30,117	25,056
Defined benefit plan	26	67	93
Share-based payment		1,357	1,871
Reversal of provision for employee leave entitlements	23.1	-	(161)
Other staff related expenses		17,617	20,017
		244,569	242,099

- (c) Non-executive directors' remuneration during the financial year comprises:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Non-executive:				
Fees	893	897	89	90
Benefits-in-kind	10	11	-	-
Total	903	908	89	90

The number of non-executive directors of the Company whose total remuneration during the financial year falls within the following band is analysed below:

Non-executive directors:	Number of directors	
	2021	2020
Nil	4	6
RM100,001 - RM200,000	2	-
RM200,001 - RM300,000	1	3
RM300,001 - RM400,000	1	-

Notes to the Financial Statements
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7. PROFIT BEFORE TAX (CONT'D.)

- (d) During the financial year, the Group incurred professional and legal expenses amounting to RM7.4 million relating to the proposed merger which are one-off in nature. Please refer to Note 34 for further details on the proposed merger exercise.

8. TAXATION

Major components of income tax expense

The major components of income tax expense for the financial years ended 31 December 2021 and 2020 are:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Statements of comprehensive income:				
Current income tax:				
- Malaysian income tax	366,046	355,202	19	24
- Over provision in prior financial years	(47,366)	(5,424)	-	-
Total current income tax	318,680	349,778	19	24
Deferred taxation (Note 22):				
- Relating to origination and reversal of temporary differences	6,101	44,959	-	-
- Under provision in prior financial years	27,999	6,340	-	-
Total deferred tax	34,100	51,299	-	-
Income tax expense recognised in profit or loss	352,780	401,077	19	24

Notes to the Financial Statements
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8. TAXATION (CONT'D.)

Reconciliations of income tax expense/rate applicable to profit before tax at the statutory income tax rate to income tax expense/rate at the effective income tax rate of the Group and of the Company are as follows:

	2021		2020	
	%	RM'000	%	RM'000
Group				
Profit before tax		1,514,885		1,622,046
Taxation at Malaysian statutory tax rate	24.0	363,572	24.0	389,291
Effect of expenses not deductible for tax purposes	1.7	25,262	1.3	20,639
Effect of income not subject to tax	-	-	(0.6)	(9,769)
Effect of different tax rate ⁽¹⁾	(1.1)	(16,687)	-	-
Over provision of income tax expense in prior financial years	(3.1)	(47,366)	(0.3)	(5,424)
Under provision of deferred tax expense in prior financial years	1.8	27,999	0.4	6,340
Effective tax rate/income tax expense recognised in profit or loss	23.3	352,780	24.8	401,077

⁽¹⁾ Effect on deferred tax arising from the one-off tax measure proposed by the Government of Malaysia in Budget 2022, whereby chargeable income above the RM100 million mark will be taxed at a rate of 33%, instead of 24% for the year of assessment 2022.

	2021		2020	
	%	RM'000	%	RM'000
Company				
Profit before tax		1,132,437		1,275,815
Taxation at Malaysian statutory tax rate	24.0	271,785	24.0	306,196
Income not subject to tax	(24.0)	(271,766)	(24.0)	(306,172)
Effective tax rate/income tax expense recognised in profit or loss	0.0	19	0.0	24

Domestic current income tax is calculated at the Malaysian statutory tax rate of 24% (2020: 24%) of the estimated taxable profit for the financial year.

9. EARNINGS PER ORDINARY SHARE - BASIC

Earnings per ordinary share is calculated by dividing profit for the financial year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2021	2020
Profit Attributable To Owners Of The Parent (RM'000)	1,162,105	1,220,969
Weighted Average Number Of Ordinary Shares In Issue ('000)	7,775,000	7,775,000
Basic Earnings Per Share (sen)	14.9	15.7

No diluted earnings per ordinary share was presented as the Group does not have any convertible instrument, options, warrants and their equivalents.

10. DIVIDENDS

	Group/Company	
	2021	2020
	RM'000	RM'000
Recognised during the financial year:		
Dividends on ordinary shares:		
Fourth interim single-tier dividend (2020: 3.6 sen; 2019: 4.4 sen)	279,900	342,100
First interim single-tier dividend (2021: 3.4 sen; 2020: 4.2 sen)	264,350	326,550
Second interim single-tier dividend (2021: 3.6 sen; 2020: 3.7 sen)	279,900	287,675
Third interim single-tier dividend (2021: 4.0 sen; 2020: 4.1 sen)	311,000	318,775
	1,135,150	1,275,100
Interim dividend declared subsequent to the reporting date (not recognised as a liability as at 31 December):		
Dividends on ordinary shares:		
Fourth interim single-tier dividend (2021: 3.9 sen; 2020: 3.6 sen)	303,225	279,900

The board of directors had on 28 January 2022, declared a fourth interim single-tier dividend of 3.9 sen per ordinary share in respect of the financial year ended 31 December 2021 amounting to RM303.2 million. The financial statements for the current financial year do not reflect this fourth interim dividend. Such dividend, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2022.

Notes to the Financial Statements
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11. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RM'000	Freehold buildings RM'000	Motor vehicles RM'000	Computer systems RM'000	Furniture and fittings RM'000	Tele- communi- cations network RM'000	Capital work-in- progress RM'000	Total RM'000
Group								
Cost								
At 1 January 2021	29,067	143,903	24,007	228,331	194,885	6,664,181	170,267	7,454,641
Additions	-	-	-	-	2	46,526	647,222	693,750
Disposals	-	-	-	(7)	(2,247)	(148,424)	-	(150,678)
Write offs	-	-	-	-	(25)	(15,836)	(1,041)	(16,902)
Transfers	-	-	462	26,572	8,053	617,364	(652,451)	-
At 31 December 2021	29,067	143,903	24,469	254,896	200,668	7,163,811	163,997	7,980,811
Accumulated depreciation								
At 1 January 2021	-	32,850	22,176	175,730	157,053	4,183,689	-	4,571,498
Depreciation expenses for the financial year (Note 7)	-	2,821	1,073	20,991	19,400	653,098	-	697,383
Disposals	-	-	-	(4)	(2,209)	(133,671)	-	(135,884)
Write offs	-	-	-	-	(25)	(15,836)	-	(15,861)
At 31 December 2021	-	35,671	23,249	196,717	174,219	4,687,280	-	5,117,136
Net carrying amount								
At 31 December 2021	29,067	108,232	1,220	58,179	26,449	2,476,531	163,997	2,863,675

11. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

	Freehold land RM'000	Freehold buildings RM'000	Motor vehicles RM'000	Computer systems RM'000	Furniture and fittings RM'000	Tele- communi- cations network RM'000	Capital work-in- progress RM'000	Total RM'000
Group (Cont'd.)								
Cost								
At 1 January 2020	29,638	143,332	23,982	232,079	263,839	6,530,499	230,820	7,454,189
Additions	-	-	52	(56)	(1,735)	79,048	593,203	670,512
Disposals	-	-	-	(9,124)	(44,623)	(68,845)	(2,479)	(125,071)
Write offs	-	-	-	(76)	(224)	(675,319)	(2)	(675,621)
Transfers	-	-	-	38,943	4,211	608,498	(651,652)	-
Reclassifications (Note 11(c))	(571)	571	(27)	(33,435)	(26,583)	97,910	377	38,242
Reclassification from intangible assets (Note 12)	-	-	-	-	-	92,390	-	92,390
At 31 December 2020	29,067	143,903	24,007	228,331	194,885	6,664,181	170,267	7,454,641
Accumulated depreciation								
At 1 January 2020	-	29,845	20,764	187,170	209,849	4,154,451	-	4,602,079
Depreciation expenses for the financial year (Note 7)	-	2,821	1,351	6,717	27,051	640,507	-	678,447
Disposals	-	-	-	(9,121)	(44,568)	(68,668)	-	(122,357)
Write offs	-	-	-	(76)	(183)	(624,654)	-	(624,913)
Reclassifications (Note 11(c))	-	184	61	(8,960)	(35,096)	82,053	-	38,242
At 31 December 2020	-	32,850	22,176	175,730	157,053	4,183,689	-	4,571,498
Net carrying amount								
At 31 December 2020	29,067	111,053	1,831	52,601	37,832	2,480,492	170,267	2,883,143

Notes to the Financial Statements
31 December 2021

11. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

- (a) The Group acquired property, plant and equipment with an aggregate cost of RM693.8 million (2020: RM670.5 million) of which RM11.9 million (2020: RM52.5 million) relates to the provision for site decommissioning and restoration costs, as disclosed in Note 23.1.
- (b) Government grants of RM230.8 million (2020: RM34.6 million) relating to additions of qualifying property, plant and equipment, were deducted before arriving at the cost of property, plant and equipment during the financial year ended 31 December 2021.
- (c) The cost and accumulated depreciation for certain categories of property, plant and equipment were adjusted in the prior financial year to be consistent with the category in the asset register.

12. INTANGIBLE ASSETS

	Computer software RM'000
Group	
Cost	
At 1 January 2021	746,251
Additions	121,537
Disposals	(21,300)
Write offs	(12)
At 31 December 2021	846,476
Accumulated amortisation	
At 1 January 2021	498,215
Amortisation expenses for the financial year	83,160
Disposals	(18,944)
Write offs	(12)
At 31 December 2021	562,419
Net carrying amount	
At 31 December 2021	284,057

12. INTANGIBLE ASSETS (CONT'D.)

	Computer software RM'000
Group	
Cost	
At 1 January 2020	736,969
Additions	102,249
Write offs	(577)
Reclassification to property, plant and equipment (Note 11)	(92,390)
At 31 December 2020	746,251
Accumulated amortisation	
At 1 January 2020	430,983
Amortisation expenses for the financial year	67,689
Write offs	(457)
At 31 December 2020	498,215
Net carrying amount	
At 31 December 2020	248,036

Included in the cost of computer software are computer software not yet available for use of RM49.7 million (2020: RM73.2 million) as at 31 December 2021 .

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13. RIGHT OF USE ASSETS

Group as a lessee

	Leasehold land and buildings RM'000	Tele- communi- cations network sites RM'000	Trans- mission facilities RM'000	Spectrum band- widths RM'000	Stores, office buildings and kiosks RM'000	Total RM'000
Carrying amount						
At 1 January 2021	19,275	1,588,426	6,389	1,407,030	10,758	3,031,878
Additions	-	267,306	1,911	14,803	4,855	288,875
Depreciation expense for the financial year (Note 7)	(361)	(340,417)	(3,094)	(130,983)	(8,067)	(482,922)
Termination	-	(8,697)	(414)	-	-	(9,111)
At 31 December 2021	18,914	1,506,618	4,792	1,290,850	7,546	2,828,720
At 1 January 2020	19,636	1,042,737	3,857	1,516,891	11,967	2,595,088
Additions	-	561,118	5,303	14,250	10,489	591,160
Revision of lease term	-	324,412	-	-	-	324,412
Depreciation expense for the financial year (Note 7)	(361)	(336,794)	(2,703)	(124,111)	(11,698)	(475,667)
Termination	-	(3,047)	(68)	-	-	(3,115)
At 31 December 2020	19,275	1,588,426	6,389	1,407,030	10,758	3,031,878

The Group's lease arrangements are mainly in relation to telecommunication network sites, transmission facilities and spectrum bandwidths which are used to support the Group's telecommunication operations. The lease arrangements generally do not allow for subleasing of the leased asset, unless there is a contractual right for the Group to sublet the lease asset to another party.

The Group also has certain leases with lease terms of 12 months or less and leases that have been determined to be low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemption for these leases.

13. RIGHT OF USE ASSETS (CONT'D.)**Group as a lessee (Cont'd.)**

Set out below are the carrying amounts of lease liabilities (included under loans and borrowings) and the movements during the financial year:

	Note	Group 2021 RM'000	2020 RM'000
At 1 January		2,580,895	2,047,932
Additions		288,875	591,160
Revision of lease term		-	324,412
Unwinding of discount	6	112,269	126,796
Payments		(513,684)	(506,218)
Termination		(9,495)	(3,187)
At 31 December		2,458,860	2,580,895
Analysed as:			
Current	21	448,421	399,510
Non-current	21	2,010,439	2,181,385
		2,458,860	2,580,895

The maturity analysis of lease liabilities are disclosed in Note 31.4.

The following are amounts recognised in profit or loss:

	Group 2021 RM'000	2020 RM'000
Depreciation expense of right of use assets	482,922	475,667
Interest expense on lease liabilities	112,269	126,796
Expenses included in sales and marketing expenses:		
- short-term leases	4,565	3,977
Rental expenses presented separately on statement of comprehensive income:		
- short-term leases	57,110	21,337
- leases of low value assets	143	148
	657,009	627,925

The Group has total cash outflow for leases amounting to RM515.5 million (2020: RM473.6 million).

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14. CONTRACT COSTS

	Group	
	2021	2020
	RM'000	RM'000
Capitalised costs, net of amortisation	71,687	57,887
Amortisation recognised in operating expenses (Note 7)	83,439	87,199

15. INVESTMENTS IN SUBSIDIARIES

	Company	
	2021	2020
	RM'000	RM'000
Unquoted shares at cost	773,361	773,361

The Company has injected RM0.6 million into InfraNation Sdn. Bhd. in the prior financial year for working capital purposes.

Details of the subsidiaries, which are incorporated in Malaysia, are as follows:

Name of company	Percentage of ownership interest held by the Group		Principal activities
	2021	2020	
	(%)	(%)	
Digi Telecommunications Sdn. Bhd. ("DTSB")	100	100	Establishment, maintenance and provision of telecommunications and related services
InfraNation Sdn. Bhd.	100	100	Provision of telecommunication infrastructure services
Subsidiaries held through DTSB			
Y3llowLabs Sdn. Bhd.	100	100	Provision of e-commerce, digital services and solutions
Digi Services Sdn. Bhd. [^]	-	100	Dormant

[^] This subsidiary has applied for strike off in the prior financial year and was struck off during the financial year.

16. OTHER INVESTMENT

	Group	
	2021	2020
	RM'000	RM'000
Non-current		
Financial asset at fair value through OCI		
Unquoted shares	78	78

The investment was previously made in relation to a programme initiated by the Group to fund new digital start-ups in Malaysia.

17. INVENTORIES

	Group	
	2021	2020
	RM'000	RM'000
Merchandise:		
At cost	102,785	111,196
At net realisable value	13,783	26,011
	116,568	137,207

During the financial year, the amount of inventories recognised as an expense in cost of materials of the Group was RM971.0 million (2020: RM708.7 million).

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18. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Non-current				
Trade receivables (Note 18.1)	122,247	129,767	-	-
Deposits and prepayments (Note 18.2)	198,615	214,771	-	-
	320,862	344,538	-	-
Current				
Trade receivables (Note 18.1)	466,414	427,293	-	-
Other receivables	408,560	361,503	-	-
Deposits and prepayments (Note 18.2)	204,458	221,884	5	4
	1,079,432	1,010,680	5	4
Allowance for expected credit loss on trade receivables (Note 31.2)	(29,040)	(38,293)	-	-
	1,050,392	972,387	5	4
Total trade and other receivables	1,371,254	1,316,925	5	4

18.1 Trade receivables

The Group's trade receivables include receivables on deferred payment schemes amounting to RM257.8 million (2020: RM222.2 million), which allows eligible customers on bundled packages to make payment for mobile devices over a 24 month period.

Apart from the deferred payment scheme receivables, the Group's trade receivables are non-interest bearing, and are subject to normal trade credit terms ranging from 30 to 45 days (2020: 30 to 45 days). They are recognised at their original invoice amounts which represent their fair value on initial recognition.

18.2 Deposits and prepayments

Included in deposits and prepayments are non-current and current prepayments which are advances to a network facility provider ("NFP") of RM126.1 million (2020: RM147.5 million) for provision of connectivity services for a period of 10 years and non-current and current deposits given to local city councils of RM103.8 million (2020: RM97.4 million) for public infrastructure works which are refundable upon completion.

18.3 Foreign currency exposures

As at 31 December 2021, the Group's trade receivables balances included exposure to foreign currency denominated in United States Dollar ("USD") and Special Drawing Rights ("SDR") amounting to RM5.2 million (2020: RM6.9 million) and RM22.5 million (2020: RM16.5 million) respectively.

19. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

		Group	
		2021	2020
		RM'000	RM'000
Non-hedging derivative financial assets/(liabilities)			
Non-current			
- Interest rate swaps	19.1	26,365	61,728
Current			
- Foreign currency forward contracts	19.2	(183)	(394)

19.1 Interest rate swaps

	Notional value	Fair value	Assets
	RM'000	RM'000	RM'000
Interest rate swaps:			
- 2021	1,075,000	1,101,365	26,365
- 2020	1,075,000	1,136,728	61,728

Interest rate swaps are used to manage appropriate fair value change exposure within the Group. The Group entered into interest rate swaps to hedge the fair value risk in relation to the fixed interest rates of the Islamic Medium Term Note, as disclosed in Note 21 with notional principal amounts of RM1,075.0 million (2020: RM1,075.0 million).

The interest rate swaps entitle the Group to receive interest semi-annually at fixed rates ranging from 4% to 5% per annum, and in return, pays interest quarterly at Kuala Lumpur Interbank Offer Rate plus a spread with a weighted average rate of 3% (2020: 3%) per annum. The swaps mature at varying dates based on the maturity of different tranches of the Islamic Medium Term Note.

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19. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES) (CONT'D.)

19.2 Foreign currency forward contracts

	Contract value in foreign currency USD'000	Notional value RM'000	Fair value RM'000	Liabilities RM'000
Foreign currency forward contracts:				
- 2021	9,400	39,499	39,316	(183)
- 2020	9,500	38,639	38,245	(394)

The Group uses foreign currency forward contracts to minimise its exposure to foreign currency risks as a result of transactions denominated in currencies other than its functional currency, arising from the normal business activities. Foreign currency forward contracts are used to hedge certain payables denominated in USD for which firm commitments existed at the reporting date, extending to January and February 2022.

The foreign currency forward contracts and interest rate swap are not designated as cash flow hedges and are entered into for periods consistent with foreign currency exposure and fair value changes exposure. Any gains or losses arising from changes in the fair value of derivatives are recognised directly in profit or loss.

The method and assumptions applied in determining the fair values of the derivatives above are disclosed in Note 31.6(b).

20. CASH AND SHORT-TERM DEPOSITS

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash and bank balances	76,927	87,253	670	250
Deposits with licensed banks	127,600	215,600	-	-
Cash and cash equivalents	204,527	302,853	670	250

Cash and cash equivalents include cash on hand and at banks and deposits with financial institutions. For the purpose of the statements of cash flows, cash and cash equivalents are net of outstanding bank overdrafts, if any.

The Group's cash and cash equivalents included amounts of foreign currency denominated in USD totalling RM2.9 million (2020: RM4.3 million) at the reporting date.

20. CASH AND SHORT-TERM DEPOSITS (CONT'D.)

Cash at banks earns interest at floating rates based on daily bank deposit rates. The weighted average effective interest rates of deposits at the reporting date are as follows:

	Group	2020
	2021	2020
	%	%
Deposits with licensed banks	2	2

The deposits with licensed banks of the Group will mature within one month (2020: one month) from the end of the reporting date.

21. LOANS AND BORROWINGS

	Note	Group	2020
		2021	2020
		RM'000	RM'000
Non-current (unsecured)			
Floating-rate term loans		107,522	329,859
Floating-rate term financing-i		219,128	367,776
Islamic medium term notes	21.1	1,498,765	1,798,503
Lease liabilities	13	2,010,439	2,181,385
		3,835,854	4,677,523
Current (unsecured)			
Floating-rate term loans		225,000	225,000
Floating-rate term financing-i		150,000	150,000
Islamic medium term notes	21.1	300,000	-
Lease liabilities	13	448,421	399,510
		1,123,421	774,510
Total loans and borrowings		4,959,275	5,452,033

Notes to the Financial Statements
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21. LOANS AND BORROWINGS (CONT'D.)

The weighted average effective interest/profit rates at the reporting date for borrowings and debt securities are as follows:

	Group	
	2021	2020
	%	%
Floating-rate term loans and term financing-i	3	3
Islamic medium term notes	4	4
Lease liabilities	5	5

The above borrowings and debt securities are denominated in RM.

21.1 Islamic medium term notes

The Group through its wholly-owned subsidiary, DTSB, has established an Islamic medium term note programme of up to RM5.0 billion in nominal value ("IMTN Programme"); and an Islamic commercial papers programme of up to RM1.0 billion in nominal value ("ICP Programme"), which have a combined limit of up to RM5.0 billion in nominal value (collectively referred to as "Sukuk Programme") based on the Islamic principle of Murabahah (via a Tawarruq arrangement).

The tenures of the IMTN and ICP Programmes are for 15 and 7 years, respectively from the date of the first issuance.

As at 31 December 2021, the series of IMTN that the Group has in issue consists of:

Tranche	Tenure	Rate	Maturity date	Nominal value
		%		RM'000
001	5 years	4	14 April 2022	300,000
002	7 years	5	12 April 2024	300,000
003	10 years	5	14 April 2027	300,000
004	7 years	4	18 September 2026	450,000
005	10 years	4	20 September 2029	450,000
Total				1,800,000

The proceeds from IMTN have been partially hedged against interest rate risk using interest rate swaps as disclosed in Note 19.

21. LOANS AND BORROWINGS (CONT'D.)

The maturities of the Group's loans and borrowings at the reporting date are as follows:

	Group	
	2021	2020
	RM'000	RM'000
Less than one financial year	1,123,421	774,510
Between one and two financial years	547,762	1,022,236
Between two and five financial years	1,692,316	1,420,845
More than five financial years	1,595,776	2,234,442
	4,959,275	5,452,033

Reconciliation of liabilities arising from financing activities

	Interest bearing loans and borrowings	Lease liabilities	Total
	RM'000	RM'000	RM'000
Group			
At 1 January 2021	2,871,138	2,580,895	5,452,033
Payment	(375,000)	(401,415)	(776,415)
Non-cash changes:			
Other changes	4,277	279,380	283,657
At 31 December 2021	2,500,415	2,458,860	4,959,275
At 1 January 2020	3,101,867	2,047,932	5,149,799
Drawdown of floating-rate term financing-i	150,000	-	150,000
Payment	(375,000)	(379,422)	(754,422)
Non-cash changes:			
Other changes	(5,729)	912,385	906,656
At 31 December 2020	2,871,138	2,580,895	5,452,033

Included in the other changes are transaction costs deducted against carrying amount of loans and borrowings amortised under the EIR method, and accrued but not yet paid interest on interest-bearing loans and borrowings. The Group classifies interest paid as cash flows from operating activities.

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22. DEFERRED TAX LIABILITIES

	Group	
	2021	2020
	RM'000	RM'000
At 1 January	268,927	217,628
Recognised in profit and loss (Note 8)	34,100	51,299
At 31 December	303,027	268,927

The components and movements of recognised deferred tax liabilities and assets of the Group during the financial year prior to offsetting are as follows:

Deferred tax liabilities:

	Contract costs	Contract assets	Property, plant and equipment and intangible assets	Right of use assets	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2021	13,893	22,878	486,744	588,175	1,111,690
Recognised in profit and loss	9,554	17,883	90,484	(134)	117,787
At 31 December 2021	23,447	40,761	577,228	588,041	1,229,477
At 1 January 2020	15,881	29,342	462,964	470,843	979,030
Recognised in profit and loss	(1,988)	(6,464)	23,780	117,332	132,660
At 31 December 2020	13,893	22,878	486,744	588,175	1,111,690

Deferred tax assets:

	Contract liabilities	Lease liabilities	Others	Total
	RM'000	RM'000	RM'000	RM'000
At 1 January 2021	(73,497)	(619,250)	(150,016)	(842,763)
Recognised in profit and loss	(57,847)	(4,897)	(20,943)	(83,687)
At 31 December 2021	(131,344)	(624,147)	(170,959)	(926,450)
At 1 January 2020	(77,243)	(489,506)	(194,653)	(761,402)
Recognised in profit and loss	3,746	(129,744)	44,637	(81,361)
At 31 December 2020	(73,497)	(619,250)	(150,016)	(842,763)

Others relate to deferred tax assets mainly arising from deductible temporary differences on provisions.

23. OTHER LIABILITIES

	Group	
	2021	2020
	RM'000	RM'000
Non-current		
Provisions (Note 23.1)	136,053	120,255
Current		
Provisions (Note 23.1)	-	-
Total other liabilities	136,053	120,255

23.1 Provisions

	Note	Site decommissioning and restoration costs RM'000	Defined benefit plan RM'000 (Note 26)	Total RM'000
Group				
Non-current				
At 1 January 2021		120,226	29	120,255
Capitalised as property, plant and equipment	11(a)	11,933	-	11,933
Unwinding of discount	6	3,825	-	3,825
Additional provision	7(b)	-	67	67
Paid during the financial year		-	(27)	(27)
At 31 December 2021		135,984	69	136,053
Non-current				
At 1 January 2020		53,284	11	53,295
Capitalised as property, plant and equipment	11(a)	52,532	-	52,532
Unwinding of discount	6	14,410	-	14,410
Additional provision	7(b)	-	93	93
Paid during the financial year		-	(75)	(75)
At 31 December 2020		120,226	29	120,255

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23. OTHER LIABILITIES (CONT'D.)

23.1 Provisions (Cont'd.)

	Note	Employee leave entitlements RM'000
Group		
Current		
At 1 January 2021/31 December 2021		-
At 1 January 2020		420
Reversal of provision during the financial year	7(b)	(161)
Paid during the financial year		(259)
At 31 December 2020		-

24. TRADE AND OTHER PAYABLES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Trade payables	221,761	284,884	-	-
Other payables	313,051	266,259	-	-
Accruals and provisions	894,057	866,809	3,882	729
Customer deposits	15,155	15,034	-	-
	1,444,024	1,432,986	3,882	729

The Group's trade and other payables are non-interest bearing, and are subject to normal credit terms ranging from 30 to 60 days (2020: 30 to 60 days).

At 31 December 2021, the Group's trade and other payables balances included exposure to foreign currency denominated in USD, SDR and Norwegian Krone ("NOK") amounting to RM34.2 million (2020: RM22.0 million), RM17.7 million (2020: RM14.6 million) and RM3.3 million (2020: RM26.5 million) respectively.

25. SHARE CAPITAL

	Group/Company			
	Number of ordinary shares		Amount	
	2021 Units ('000)	2020 Units ('000)	2021 RM'000	2020 RM'000
Issued and fully paid				
As at 1 January and 31 December	7,775,000	7,775,000	769,655	769,655

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

26. DEFINED BENEFIT PLAN

The Group operates an unfunded defined benefit plan for its eligible employees. The estimated obligations under the retirement benefit scheme are determined based on actuarial valuation by a qualified independent actuary.

The amount recognised in the consolidated statement of financial position is determined as follows:

	Note	Group	
		2021 RM'000	2020 RM'000
Present value of unfunded obligations	23.1	69	29

The amount recognised in profit and loss, included under staff expenses, is as follows:

	Note	Group	
		2021 RM'000	2020 RM'000
Interest on obligations, representing increase in provision for defined benefit plan	7(b)	67	93

The principal actuarial assumption used in determining the retirement benefit obligation for the defined benefit plan, is as follows:

	Group	
	2021 %	2020 %
Rate per annum: - Discount rate	5	5

Assumption regarding future mortality are based on published statistics and mortality table.

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27. RETAINED EARNINGS

The Company may distribute dividends out of its entire retained earnings as at 31 December 2021 and 2020 respectively, under the single-tier system.

28. COMMITMENTS

Capital commitments

	Group	
	2021	2020
	RM'000	RM'000
Capital expenditure in respect of property, plant and equipment and intangible assets:		
Approved and contracted for	192,222	461,000
Approved but not contracted for	175,677	466,000

In addition to the above capital commitments, the Company had on 21 June 2021 entered into a conditional share sale and purchase agreement for the acquisition of the entire equity interests in Celcom via a merger exercise by way of a combination of the issuance of the Company's new shares and the payment of a cash consideration of RM1,692,733,818. Further details are disclosed in Note 34.

29. PERFORMANCE GUARANTEES

	Group	
	2021	2020
	RM'000	RM'000
Unsecured		
Guarantees given to city councils for public infrastructure works	15,674	13,957
Guarantee given to MCMC on project tenders, utility providers, land owners for security deposits and others	7,158	16,410
	22,832	30,367

30. SIGNIFICANT RELATED PARTY DISCLOSURES**30.1 Sales and purchases of services**

Related party relationships are as follows:

- (i) The immediate and ultimate holding company are as disclosed in Note 1; and
- (ii) The Company's subsidiaries are as disclosed in Note 15.

Significant transactions and balances with related parties of the Group during the financial year are as follows:

Group	Transactions		Balance due (to)/from at	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
With the ultimate holding company and fellow subsidiaries				
- <i>Telenor ASA</i>			(7,950)	(8,027)
Consultancy services received	39,217	35,186		
Fees payable for licenses and trademarks	9,510	9,294		
- <i>Telenor GO Pte. Ltd.</i>			597	(367)
Personnel services received	3,449	3,468		
- <i>Telenor Global Services AS</i>			(377)	(1,773)
Sales of interconnection services on international traffic	(15,759)	(11,338)		
Purchases of interconnection services on international traffic	17,389	8,670		
Purchases of global connectivity	3,043	3,449		
Clearing house services received for international roaming arrangements	427	389		
Services received on application operations and basic operation for data centre	19	-		
- <i>Total Access Communication Public Company Limited</i>			67	(116)
Sales of international roaming services	-	(151)		
Consultancy services rendered	(263)	(69)		

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30. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D.)

30.1 Sales and purchases of services (Cont'd.)

Group	Transactions		Balance due (to)/from at	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
With the ultimate holding company and fellow subsidiaries (Cont'd.)				
- <i>dfac TriNet Co. Ltd.</i>			472	626
Sales of international roaming services	(61)	(23)		
Purchases of international roaming services	169	255		
Sales of interconnection services on international traffic	(729)	(1,466)		
Purchases of interconnection services on international traffic	300	648		
Lease income from bandwidth leasing	(3,027)	(826)		
- <i>Telenor Norge AS</i>			(5,051)	(4,398)
Consultancy services received	155	85		
Sales of international roaming services	(9)	(82)		
Purchases of international roaming services	20	33		
Business security strategy execution received	8,616	10,411		
- <i>Telenor Digital Services AS</i>			(3,178)	(1,506)
Consultancy fees rendered	-	(87)		
Services received on digital marketing and distribution platform	9,444	6,147		
- <i>Telenor Global Shared Services AS</i>			(10,792)	(7,338)
Services received on application operations and basic operation for data centre	4,730	10,897		

30. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D.)**30.1 Sales and purchases of services (Cont'd.)**

Group	Transactions		Balance due (to)/from at	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
With the ultimate holding company and fellow subsidiaries (Cont'd.)				
- <i>Telenor Myanmar Ltd.</i>			(451)	(443)
Sales of international roaming services	(31)	(10)		
Purchases of international roaming services	40	16		
Consultancy fees rendered	(160)	(384)		
- <i>Telenor Procurement Company</i>			(10,547)	(5,732)
Managed services received	36,103	21,780		
- <i>Telenor Global Services Singapore Pte. Ltd.</i>			869	(547)
Lease income from bandwidth leasing	(7,967)	(6,935)		
Lease expenses of bandwidth leasing	3,185	3,054		
Purchases of IP transit	251	402		
- <i>Telenor Connexion AB</i>			(143)	(88)
Purchases of international roaming services	856	433		
- <i>Telenor Sverige AB</i>			3	(360)
Sales of international roaming services	(186)	101		
Purchases of international roaming services	(12)	16		
- <i>Telenor Pakistan AB (Private) Ltd.</i>			169	(37)
Sales of international roaming services	(1)	(3)		
Purchases of international roaming services	25	(98)		
Managed services rendered	(310)	(490)		

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30. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D.)

30.1 Sales and purchases of services (Cont'd.)

Group	Transactions		Balance due (to)/from at	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
With the ultimate holding company and fellow subsidiaries (Cont'd.)				
- <i>Telenor A/S</i>			7	(248)
Sales of international roaming services	(4)	(30)		
Purchases of international roaming services	17	85		
- <i>Tapad Inc.</i>			-	-
Services received on digital marketing and distribution platform	-	755		
- <i>Grameenphone Ltd.</i>			397	(29)
Managed services rendered	-	-		
Consultancy services received	29	(1,172)		
Sales of international roaming services	8	(14)		
Purchases of international roaming services	3	337		

Amounts due (to)/from related companies which are all trade in nature are unsecured, non-interest bearing and are subject to the normal credit terms for trade receivables and trade payables, respectively.

The directors are of the opinion that the above transactions are entered into in the normal course of business and at standard commercial terms mutually agreed between both parties.

30. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D.)**30.2 Compensation of key management personnel**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company, directly and indirectly, including directors of the Group and of the Company.

The remuneration of key management personnel during the financial year was as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Short-term employee benefits	14,949	12,650	89	90
Post-employment benefits	1,510	1,335	-	-
Other employment benefits	1,633	1,587	-	-
	18,092	15,572	89	90

Included in remuneration of key management personnel above are non-executive directors' remuneration as disclosed in Note 7(c).

31. FINANCIAL INSTRUMENTS**31.1 Financial risk management objectives and policies**

In the normal course of conducting its business activities, the Group is exposed to a variety of financial risks, which include credit, foreign currency, liquidity and interest rate risks. The Group's overall risk management programme seeks to minimise potential adverse effects of these risks on the financial performance of the Group.

31.2 Credit risk

Credit risk is the risk of loss that may arise if a counterparty default on its obligations under a financial instrument or customer contract, leading to a financial loss. The Group's credit risk arises in the normal course of operations (primarily from trade and other receivables, and contract assets) and from its financing activities, including deposits with approved financial institutions. The maximum credit risk exposure is limited to the carrying amount of each financial asset and contract assets less allowance for impairment.

Notes to the Financial Statements
31 December 2021

31. FINANCIAL INSTRUMENTS (CONT'D.)

31.2 Credit risk (Cont'd.)

Trade receivables and contract assets

The credit risk is managed through formalised policies on credit assessment and approvals, credit limits and monitoring procedures. Credit quality of each new customer is assessed based on an internally developed credit scoring model using information such as external ratings and credit agency information. Individual risk limits are set in accordance to the risk profile established for each customer, and are reviewed periodically.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., customer type and rating). The calculation reflects the probability-weighted outcome, and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The Group evaluates the concentration of risk with respect to trade receivables and contract assets as low, as its customers base is large and diverse.

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery, and are not subject to enforcement activity. They are not secured by any collateral or credit enhancements.

Set out below is the information about the credit risk exposure on the Group's trade receivables and contract assets using a provision matrix:

As at 31 December 2021	Gross carrying amount RM'000	Expected credit losses RM'000	Net carrying amount RM'000
<u>Trade receivables</u>			
- Not past due	541,101	(13,067)	528,034
- 1 to 30 days past due	20,809	(1,914)	18,895
- 31 to 60 days past due	1,937	(1,140)	797
- 61 to 90 days past due	6,625	(1,626)	4,999
- 91 to 180 days past due	5,045	(3,800)	1,245
- More than 181 days past due	13,144	(7,493)	5,651
Total trade receivables	588,661	(29,040)	559,621
Contract assets	77,412	(4,528)	72,884
Total trade receivables and contract assets	666,073	(33,568)	632,505

31. FINANCIAL INSTRUMENTS (CONT'D.)**31.2 Credit risk (Cont'd.)****Trade receivables and contract assets (Cont'd.)**

As at 31 December 2020	Gross carrying amount RM'000	Expected credit losses RM'000	Net carrying amount RM'000
<u>Trade receivables</u>			
- Not past due	513,021	(21,960)	491,061
- 1 to 30 days past due	11,558	(2,733)	8,825
- 31 to 60 days past due	2,164	(1,230)	934
- 61 to 90 days past due	5,688	(1,464)	4,224
- 91 to 180 days past due	9,955	(2,996)	6,959
- More than 181 days past due	14,674	(7,910)	6,764
Total trade receivables	557,060	(38,293)	518,767
Contract assets	99,851	(4,528)	95,323
Total trade receivables and contract assets	656,911	(42,821)	614,090

Set out below is the movement in allowance for expected credit losses for trade receivables and contract assets:

	Note	Trade receivables RM'000	Contract assets RM'000	Total RM'000
At 1 January 2021		38,293	4,528	42,821
Charge for the financial year	7	54,506	-	54,506
Write offs		(63,759)	-	(63,759)
At 31 December 2021		29,040	4,528	33,568
At 1 January 2020		31,016	2,386	33,402
Charge for the financial year	7	79,446	2,142	81,588
Write offs		(72,169)	-	(72,169)
At 31 December 2020		38,293	4,528	42,821

Notes to the Financial Statements
31 December 2021

31. FINANCIAL INSTRUMENTS (CONT'D.)

31.2 Credit risk (Cont'd.)

Other receivables and cash and short-term deposits

The Group's credit risk also arises from cash and short-term deposits and other receivables. The credit risk is managed through monitoring procedures.

Cash and short-term deposits are placed only with reputable licensed banks and other receivables mainly consists of amounts due from a government regulatory body and various city councils. The Group has assessed that the credit risk from these financial instruments are low.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets (net of impairment) as disclosed in Note 31.7.

31.3 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group is exposed to foreign currency risk as a result of transactions denominated in currencies other than its functional currency, arising from the normal business activities. The currencies giving rise to this risk are primarily the USD, SDR and NOK. Although approximately 3% (2020: 4%) of the Group's total expenses are denominated in the above-mentioned foreign currencies, the settlements of these payables are on a net basis through clearing house services, together with revenues earned from the same operators and partners. The Group also holds cash and cash equivalents denominated in USD for working capital purposes. The Group's foreign-denominated cash and cash equivalents at the reporting date is disclosed in Note 20.

Exposure to foreign currency risk is monitored on an on-going basis and when considered necessary, the Group will consider using effective financial instruments to hedge its foreign currency risk in accordance with its foreign currency hedging policy. In line with the Group's foreign currency hedging policy, hedging is only considered for firm commitments and highly probable transactions of which hedging shall not exceed 100% of the net exposure value. Speculative activities are strictly prohibited. The Group adopts a layered approach to hedging, where a higher percentage of hedging will be executed for closer-dated exposures and with time, increase the hedge as the probability of the underlying exposure increases. These derivatives and their underlying exposures will be monitored on an on-going basis. However, these contracts are not designated as cash flow or fair value hedge.

The Group's foreign currency forward contracts are executed only with creditworthy financial institutions in Malaysia which are governed by appropriate policies and procedures.

31. FINANCIAL INSTRUMENTS (CONT'D.)**31.3 Foreign currency risk (Cont'd.)**

Details of the Group's outstanding foreign currency forward contracts for the purpose of hedging certain payables denominated in USD for which firm commitments existed at the reporting date, extends to January and February 2022, are disclosed in Note 19. The effects of changes in the fair values of these derivative financial instruments have already been included in the financial statements during the financial year.

Management believes that there is no reasonably possible fluctuation in the foreign exchange rate which would cause any material effect to the Group's profit for the financial year.

31.4 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group monitors and maintains a level of cash and cash equivalents deemed adequate by management, for working capital purposes and to mitigate the effects of fluctuations in cash flows. The Group invests only in highly liquid cash management funds, if any.

The Group's and the Company's trade and other payables and non-hedging derivative liabilities at the reporting date, are short-term in nature, and are payable either on-demand or within one year. Details of maturities for the Group's loans and borrowings are as disclosed in Note 21.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and of the Company's financial liabilities at the reporting date based on contractual undiscounted repayment obligations.

	On demand or within one year RM'000	One to two years RM'000	Two to five years RM'000	More than five years RM'000	Total RM'000
Group					
2021					
Financial liabilities					
Trade and other payables	1,148,800	-	-	-	1,148,800
Loans and borrowings	734,012	249,892	1,022,899	843,796	2,850,599
Lease liabilities	503,434	456,177	1,029,758	984,009	2,973,378
Derivative financial liabilities:					
- Foreign currency forward contracts	183	-	-	-	183
Total undiscounted financial liabilities	2,386,429	706,069	2,052,657	1,827,805	6,972,960

Notes to the Financial Statements
31 December 2021

31. FINANCIAL INSTRUMENTS (CONT'D.)

31.4 Liquidity risk (Cont'd.)

Analysis of financial instruments by remaining contractual maturities (Cont'd.)

The table below summarises the maturity profile of the Group's and of the Company's financial liabilities at the reporting date based on contractual undiscounted repayment obligations. (Cont'd.)

	On demand or within one year RM'000	One to two years RM'000	Two to five years RM'000	More than five years RM'000	Total RM'000
2020					
Financial liabilities					
Trade and other payables	1,106,057	-	-	-	1,106,057
Loans and borrowings	394,962	706,539	628,433	1,598,072	3,328,006
Lease liabilities	573,622	520,530	1,191,928	1,170,257	3,456,337
Derivative financial liabilities:					
- Foreign currency forward contracts	394	-	-	-	394
Total undiscounted financial liabilities	2,075,035	1,227,069	1,820,361	2,768,329	7,890,794

31.5 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group is exposed to interest rate risk primarily from floating rate financial liabilities.

The Group manages its interest rate risk by having a mixed portfolio of fixed and floating rate financial liabilities that is consistent with the interest rates profiles acceptable to the Group. To manage this, the Group enters into interest rate swaps, in which the Group agrees to exchange, at specified intervals, a fixed interest rate for floating rates.

The notional principal amounts of the outstanding interest rate swaps and its fair value are disclosed in Note 19.1.

The Group's policy in dealing with interest-bearing financial liabilities is to minimise the interest expense by obtaining the most favourable interest rates available. A difference of 20 (2020: 20) basis points in interest rates applicable for the Group's entire loans and borrowings (excluding lease liabilities) would result in approximately 0.54% (2020: 0.34%) variance in the Group's profit before tax for the financial year.

31. FINANCIAL INSTRUMENTS (CONT'D.)

31.6 Fair values

The management assessed that the fair values of cash and short-term deposits, trade and other receivables and trade and other payables approximate their carrying amounts largely due to the short-term maturities of these instruments and the insignificant impact of discounting.

The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:

(a) Loans and borrowings

The carrying amounts of the current portion of loans and borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

The carrying amounts of floating-rate term loan and term financing-i are reasonable approximations of fair values as they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The fair values of non-current portion of borrowings and debt securities are estimated by discounting expected future cash flows at market incremental lending rate for similar types of borrowing, debt instruments or leasing arrangements at the reporting date.

(b) Derivative financial instruments

The fair value of foreign currency forward contracts is determined using quoted forward exchange rates at the reporting date.

The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.

(c) Other investment

Investment in equity instrument represents ordinary shares not quoted on any market and does not have any comparable industry peers that is listed. The investment in unquoted equity instrument is not held for trading.

The initial acquisition cost of the unquoted equity investment is an approximate estimate of its fair value as the investee's entity is in the start-up stage.

Notes to the Financial Statements
31 December 2021

31. FINANCIAL INSTRUMENTS (CONT'D.)

31.7 Classification

The carrying amounts of financial instruments under each category, are as follows:

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Financial assets					
Financial assets at fair value through OCI:					
- Other investments	16	78	78	-	-
Financial assets at amortised cost:					
- Trade receivables	18	559,621	518,767	-	-
- Other receivables	18	408,560	361,503	-	-
- Deposits and prepayments	18	403,073	436,655	5	4
- Cash and short-term deposits	20	204,527	302,853	670	250
		1,575,781	1,619,778	675	254
Less: Prepayments		(209,530)	(252,657)	-	-
		1,366,251	1,367,121	675	254
Financial assets at fair value through profit or loss:					
Derivative financial assets					
- Interest rate swaps	19	26,365	61,728	-	-

31. FINANCIAL INSTRUMENTS (CONT'D.)**31.7 Classification (Cont'd.)**

The carrying amounts of financial instruments under each category, are as follows: (Cont'd.)

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Financial liabilities					
Financial liabilities at fair value through profit or loss:					
Derivative financial liabilities					
- Foreign currency forward contracts	19	183	394	-	-
Other financial liabilities:					
- Floating-rate term loans	21	332,522	554,859	-	-
- Islamic medium term notes	21	1,798,765	1,798,503	-	-
- Floating-rate term financing-i	21	369,128	517,776	-	-
- Lease liabilities	21	2,458,860	2,580,895	-	-
- Trade payables	24	221,761	284,884	-	-
- Other payables	24	313,051	266,259	-	-
- Accruals		598,833	539,880	3,770	644
- Customer deposits	24	15,155	15,034	-	-
		6,108,075	6,558,090	3,770	644

Notes to the Financial Statements
31 December 2021

31. FINANCIAL INSTRUMENTS (CONT'D.)

31.8 Fair value measurement

The following table provides the fair value measurement hierarchy of the Group's financial assets and liabilities.

Quantitative disclosures fair value measurement hierarchy for financial assets/(liabilities) as at 31 December 2021:

	Note	Date of valuation	Total RM'000	Fair value measurement using		
				Quoted prices in active markets (Level 1) RM'000	Significant observable inputs (Level 2) RM'000	Significant unobserv- able inputs (Level 3) RM'000
Financial assets/(liabilities) measured at fair value:						
Unquoted equity investments:						
- Other investment	16	31 December 2021	78	-	-	78
Derivative financial assets:						
- Interest rate swaps	19	31 December 2021	26,365	-	26,365	-
Derivative financial liabilities:						
- Foreign currency forward contracts	19	31 December 2021	(183)	-	(183)	-

31. FINANCIAL INSTRUMENTS (CONT'D.)**31.8 Fair value measurement (Cont'd.)**

The following table provides the fair value measurement hierarchy of the Group's financial assets and liabilities. (Cont'd.)

Quantitative disclosures fair value measurement hierarchy for financial assets/(liabilities) as at 31 December 2020:

	Note	Date of valuation	Fair value measurement using			
			Total RM'000	Quoted prices in active markets (Level 1) RM'000	Significant observable inputs (Level 2) RM'000	Significant unobserv- able inputs (Level 3) RM'000
Financial assets/(liabilities) measured at fair value:						
Unquoted equity investments:						
- Other investment	16	31 December 2020	78	-	-	78
Derivative financial assets:						
- Interest rate swaps	19	31 December 2020	61,728	-	61,728	-
Derivative financial liabilities:						
- Foreign currency forward contracts	19	31 December 2020	(394)	-	(394)	-

There have been no transfers between Level 2 and Level 3 in the current financial year and prior financial year.

The fair value of unquoted equity investment is categorised as Level 3 as cost was estimated to be an appropriate measure of fair value. There was no indicator that cost might not be representative of fair value.

32. CAPITAL MANAGEMENT

The essence of the Group's capital management strategy is to support its long-term strategic ambitions including:

- (i) its commitment to long-term sustainable dividend policy;
- (ii) its financial obligations while maintaining its financial flexibility; and
- (iii) its ability to support its business requirements and enable future growth.

Notes to the Financial Statements
31 December 2021

32. CAPITAL MANAGEMENT (CONT'D.)

Going-forward, the Group will continue to actively manage its capital structure to enhance shareholders' value and make adjustments to address changes in the economic environment and its business risk characteristics. The Group had during the financial year ended 31 December 2009, revised its minimum dividend pay-out policy to at least 80% of the Company's profit for the financial year, and dividend payment frequency. The dividend policy will be maintained subject to on-going assessment, and based on the availability of distributable reserves as well as the Group's future cash flow requirements and market conditions. These revisions and any other revision to its allocation of capital resources are subject to the approval of the board of directors. No changes were made in the objectives, policies or processes during the financial year ended 31 December 2021.

33. SEGMENTAL INFORMATION

Segmental information is not presented as the Group is primarily engaged in the provision of mobile communication services and its related products in Malaysia.

34. SIGNIFICANT EVENTS

(a) Advanced discussions to merge Digi and Celcom

On 8 April 2021, Digi was informed by Telenor ASA ("Telenor"), the ultimate holding company, that Telenor and Axiata Group Berhad ("Axiata") are in discussion to merge the telecommunication operations of Celcom and Digi, in which the parties will have an equal ownership of 33.1% each.

On 21 June 2021, Digi had entered into a conditional share sale and purchase agreement ("SPA") with Axiata for the proposed merger. Pursuant to the SPA, Digi and Axiata have agreed for Axiata to transfer 100% of the equity of Celcom which shall be satisfied by:

- (i) Digi issuing concurrently 3,956,507,988 fully paid-up new ordinary shares of Digi; and
- (ii) Digi making cash payment of RM1,692,733,818.

On 24 November 2021, Digi had engaged with MCMC to initiate the merger assessment process in accordance with MCMC's Guidelines on Mergers and Acquisitions (the "Guidelines") and the merger application had been formally received by MCMC for its assessment in accordance with the Guidelines.

The transaction will be subject to relevant boards' and shareholders' approvals by Digi and Axiata, receipt of regulatory approvals, and other customary terms and conditions. Barring any unforeseen circumstances and subject to all the requisite approvals being obtained, the proposed merger is expected to be completed by the second quarter of 2022.

34. SIGNIFICANT EVENTS (CONT'D.)

(b) Outbreak of Coronavirus ("Covid-19")

In March 2020, the World Health Organisation officially announced the outbreak of COVID-19 as a global pandemic. To counter the spread of COVID-19, the Malaysian government implemented the Movement Control Order on 18th March 2020, which was then extended a few times or switched to either the Conditional Movement Control Order, the Recovery Movement Control Order or the Enhanced Movement Control Order ("EMCO") based on the country's pandemic situation from time to time. During these periods, the Group has continued its operations with approval by the Malaysian Government as the Group is in the essential industry to ensure the continuous provision of telecommunication services especially during the EMCO period in 2021.

The directors have assessed the overall impact of this situation towards the Group's and the Company's operations, financial performance and cash flows and concluded there is no material adverse effect on the Group's and the Company's financial statements for the financial year ended 31 December 2021.

Nevertheless, the directors will closely monitor the current developments of COVID-19 pandemic and at the present the facilities and site works activities of the Group and of the Company are in normal and stable operation.

35. SUBSEQUENT EVENT

Letter of offer for spectrum assignment in the 2600MHz spectrum band

On 11 February 2022, the Group has accepted an offer from the MCMC on granting the Group for the issuance of 2600MHz spectrum assignment ("SA") at 2x10MHz band for a period of 5 years effective from 1 July 2022, at the price component payment of RM11,760,000 being made in one lump sum before 14 February 2022 and annual fixed fee payment of RM20,759,510 payable before 15 December throughout the assignment period.

Pursuant to the acceptance of the SA, the Group had made an upfront payment for the price component of the SA to MCMC amounting to RM11,760,000. The upfront price component paid has been recognised as a prepayment and will subsequently be reclassified to right of use assets and depreciated upon SA becoming effective on 1 July 2022 in accordance with MFRS 16: Leases.

36. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the financial year ended 31 December 2021 were authorised for issue in accordance with a resolution of the directors on 11 March 2022.

Independent Assurance Report



Independent Limited Assurance Report to Digi.Com Berhad ("Digi") and its subsidiaries (the "Group") on the Selected Sustainability Information for the year ended 31 December 2021 published in Digi's Sustainability Report 2021

We, KPMG PLT, were engaged by Digi Telecommunications Sdn. Bhd. ("DTSB"), a wholly-owned subsidiary of Digi, to provide limited assurance engagement on the Selected Sustainability Information (the "Subject Matter"), listed below, for the year ended 31 December 2021 as published in Digi's Integrated Annual Report 2021 (the "Report"), in the form of an independent limited assurance conclusion as to whether the Subject Matter is in all material respects in accordance with the Group's definition and calculation methodologies which are disclosed in the Report including any significant inherent limitations, the ("Applicable Criteria").

Subject Matter

The Selected Sustainability Information covered by our limited assurance engagement for the financial year ended 31 December 2021 are:

- Customer Satisfaction Scores;
- Average online learning hours for employees (including the period of 1 October 2020 to 31 December 2020);
- Lost Time Injury Frequency (LTIF) score (limited to permanent and contract employees);
- Energy Consumption within the Group;
- Scope 1 Carbon Emissions;
- Scope 2 Carbon Emissions;
- Scope 3 Carbon Emissions;
- Number of Future Skills For All (FS4) enrolment (up to 31 December 2021); and
- Number of new suppliers signing Digi's Agreement of Business Conduct (ABC).

The boundary of the limited assurance engagement by KPMG PLT represents the Group's operations in Malaysia.

Board of Directors and Management's Responsibilities

The Board of Directors of Digi and DTSB (the "Directors") and the management of Digi and DTSB (the "Management") are responsible for the preparation and presentation of the Subject Matter in accordance with the Applicable Criteria, and the information and assertions contained within it; for determining the objectives in respect of sustainable development performance and reporting, including the

identification of stakeholders and material issues; and for establishing and maintaining appropriate performance management and internal control systems from which the reported performance information is derived.

The Directors and the Management are responsible for the prevention and detection of fraud and error mainly through the implementation and continued operation of an adequate system of internal control.

The Directors and the Management are also responsible for ensuring that staff involved with the preparation and presentation of the description of the Subject Matter and the Report are properly trained, information systems are properly updated and that any changes in reporting encompass all significant business units.

The Directors and the Management responsible for disclosing to us their knowledge of: (i) known, actual or possible non-compliance with laws or regulations that have or may have a material effect on the Subject Matter and the Report; and (ii) allegations of or suspected fraud or dishonesty committed against the Group.

The Directors and the Management are responsible to make available to us the Subject Matter and the Report and any other information timely to facilitate the completion of the engagement within the required time frame.

The Directors and the Management are responsible for disclosing to us facts that may affect the Subject Matter and the Report, of which they may become aware during the period from the date of the assurance report to the date the Subject Matter and the Report are issued.

Our Responsibilities

Our responsibility is to carry out a limited assurance engagement and to express a conclusion based on the work performed and evidence obtained.

We conducted our engagement in accordance with the International Standard on Assurance Engagements ("ISAE") 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and ISAE 3410, Assurance Engagements on Greenhouse Gas Statements, as adopted by the Malaysian Institute of Accountants ("MIA"). ISAE 3000 (Revised) requires that we comply with the requirements of the By-Laws (On Professional Ethics, Conduct and Practice) of the MIA including independence, and implement quality



control procedures that are applicable to the individual engagement in accordance with the requirements of International Standard on Quality Control (“ISQC”) 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements as adopted by the MIA and plan and perform our engagement to obtain limited assurance that nothing has come to our attention that causes us to believe that the Subject Matter, in all material respects, is not prepared in accordance with the Applicable Criteria.

We have complied with the independence and other relevant ethical requirements of the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (“IESBA Code”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. Those standards require that we comply with ethical requirements. We exercise professional judgement and maintain professional scepticism throughout the audit.

Procedures Performed

Our limited assurance engagement on the Subject Matter consists of making enquiries, primarily of persons responsible for the preparation of the Subject Matter presented in the Report, and applying analytical and other evidence gathering procedures, as appropriate. These procedures included:

- Enquiries of management to gain an understanding of the processes for determining material issues for key stakeholder groups;
- Interviews with senior management and relevant staff at group level and selected business unit level concerning sustainability strategy and policies for material issues, and the implementation of these across the business;
- Interviews with relevant staff at the corporate and business unit level responsible for providing the Subject Matter in the Report;
- Interviews with sites, selected on the basis of a risk analysis including the consideration of both quantitative and qualitative criteria;
- Identify the risks of material misstatement of the Subject Matter and the Report, whether due to fraud or error, design and perform limited assurance procedures to address those risks and obtain limited assurance evidence that is sufficient and appropriate to provide a

basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the engagement in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control;
- Compare the Subject Matter presented in the Report to corresponding information in the relevant underlying sources on a sample basis to determine whether all the relevant information has been appropriately included in the Report;
- Evaluate the Subject Matter presented in the Report to determine whether they are in line with our overall knowledge of, and experience with, the sustainability performance of the Group;
- Evaluate the remainder of the Report to determine whether there are any material misstatements of fact or material inconsistencies based on our understanding obtained as part of our assurance engagement.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement and consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Inherent Limitations

Due to the inherent limitations of any internal control structure, it is possible that errors or irregularities in the information presented in the Report may occur and not be detected. Our engagement is not designed to detect all weaknesses in the internal controls over the preparation and presentation of the Report, as the engagement has not been performed continuously throughout the period and the procedures performed were undertaken on a test basis.

Conclusion

Our opinion has been formed on the basis of, and is subject to, the matters outlined in this report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Independent Assurance Report



Based on the limited assurance procedures performed and evidence obtained, as described above, nothing has come to our attention that would lead us to believe that the Subject Matter included in the Report of the Group for the year ended 31 December 2021, in all material respects, is not prepared in accordance with the Applicable Criteria.

Purpose of our report

In accordance with the terms of our engagement, this report on the Subject Matter has been prepared for the Group and for no other purpose or in any other context.

Restriction of use

Our report should also not be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than Digi, for any purpose or in any other context. Any party other than Digi who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk. To the fullest extent permitted by law, we do not accept nor assume responsibility and deny any liability to any party other than Digi for our work, for this report, or for the conclusion we have reached.

Our report is released to Digi on the basis that it shall not be copied, referred to or disclosed, in whole (save for Digi's own internal purposes) or in part, without our prior written consent.

A handwritten signature in black ink, appearing to read 'KPMG' with a stylized flourish.

KPMG PLT

(LLP0010081-LCA & AF 0758)

Chartered Accountants

Petaling Jaya

20 March 2022

Corporate Information

Board of Directors

HAAKON BRUASET KJOEL

Chair, Non-Independent
Non-Executive Director

VIMALA V.R. MENON

Senior Independent
Non-Executive Director

YASMIN BINTI ALADAD KHAN

Independent Non-Executive Director

DATUK IAIN JOHN LO

Independent Non-Executive Director

WENCHE MARIE AGERUP

Non-Independent Non-Executive
Director

LARS ERIK TELLMANN

Non-Independent Non-Executive
Director

AUDIT AND RISK COMMITTEE

Vimala V.R. Menon

Chair, Senior Independent
Non-Executive Director

Yasmin Binti Aladad Khan

Independent
Non-Executive Director

Datuk Iain John Lo

Independent
Non-Executive Director

Lars Erik Tellmann

Non-Independent
Non-Executive Director

NOMINATION COMMITTEE

Yasmin Binti Aladad Khan

Chair, Independent
Non-Executive Director

Haakon Bruaset Kjoel

Non-Independent
Non-Executive Director

Datuk Iain John Lo

Independent
Non-Executive Director

REMUNERATION COMMITTEE

Haakon Bruaset Kjoel

Chair, Non-Independent
Non-Executive Director

Yasmin Binti Aladad Khan

Independent
Non-Executive Director

Wenche Marie Agerup

Non-Independent
Non-Executive Director

SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

Vimala V.R. Menon

Email: vimala.menon@digi.com.my

SECRETARIES

Choo Mun Lai (MAICSA No. 7039980)
(SSM PC No. 201908001003)

Tai Yit Chan (MAICSA No. 7009143)
(SSM PC No. 202008001023)

DOMICILE AND COUNTRY OF INCORPORATION

Malaysia

REGISTERED OFFICE

12th Floor, Menara Symphony
No. 5, Jalan Professor Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia

Tel : 03-7890 4800

Fax : 03-7890 4650

E-mail : [boardroom-kl@](mailto:boardroom-kl@boardroomlimited.com)

boardroomlimited.com

Web : www.boardroomlimited.com

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn. Bhd.

(197101000970) (11324-H)
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Malaysia

Tel : 03-2783 9299

Fax : 03-2783 9222

E-mail : is.enquiry@my.tricorglobal.com

Web : www.tricorglobal.com

Tricor Customer Service Centre

Unit G-3, Ground Floor
Vertical Podium, Avenue 3
Bangsar South, No. 8 Jalan Kerinchi
59200 Kuala Lumpur
Malaysia

AUDITORS

Ernst & Young PLT
(LLP0022760-LCA & AF0039)
Chartered Accountants
Level 23A, Menara Milenium
Jalan Damanela
Pusat Bandar Damansara
50490 Kuala Lumpur
Malaysia
Tel : 03-7495 8000
Fax : 03-2095 5332

STOCK EXCHANGE LISTING

Main Market of
Bursa Malaysia Securities Berhad
Listed on : 18 December 1997
Stock Name : DIGI
Stock Code : 6947

PRINCIPAL BANKERS

CIMB Islamic Bank Berhad
Sumitomo Mitsui Banking Corporation
Malaysia Berhad
MUFG Bank (Malaysia) Berhad
RHB Islamic Bank Berhad
Standard Chartered Bank Malaysia
Berhad

Corporate Directory

PRINCIPAL PLACE OF BUSINESS

HEAD OFFICE

D'House, Lot 10, Jalan Delima 1/1,
Subang Hi-Tech Industrial Park,
40000 Shah Alam, Selangor
Tel : 03-5721 1800
Fax: 03-5721 1857

CENTRAL OPERATING OFFICE

Lot 43, Jalan Delima 1/1,
Subang Hi-Tech Industrial Park,
40000 Shah Alam, Selangor
Tel : 03-5721 1800
Fax: 03-5721 1857

REGIONAL OPERATING OFFICES

Northern Region

1-03-15, E-Gate Commercial
Centre,
Lebu Tunku Kudin 2,
11700 Gelugor, Penang

Ipoh Sales Office

C-G-02, Persiaran Greentown 3,
Greentown Business Centre,
30450 Ipoh, Perak

Southern Region

6 & 8, Jalan Molek 1/12,
Taman Molek,
81100 Johor Bahru, Johor

Melaka Sales Office

No 2-1 Jalan Plaza Merdeka,
Plaza Merdeka, Bandar Hilir
Melaka, 75000 Melaka

Eastern Region

Lot 112 & 113,
Lorong Industri Semambu 7,
Semambu Industrial Estate,
25350 Kuantan, Pahang
Fax: 09-508 0016

Sabah Region

Digi Telecommunications
Sdn. Bhd.
Lot 36, Sedco Light Industrial
Estate, Jln Kilang Kolombong,
88450 Kota Kinabalu, Sabah
Tel : 088-438 800
Fax: 088-436 633

Sarawak Region

No. 9, Level 21, Gateway Kuching,
Jalan Bukit Mata,
93100 Kuching, Sarawak
Tel : 082-421 800
Fax: 082-427 597

DIGI STORES

Kuala Lumpur

Bukit Bintang
Lot 106 & 108,
Jalan Bukit Bintang,
55100 Kuala Lumpur

Gardens

S-233, 2nd Floor, Gardens Mall,
Mid Valley City, Lingkaran Syed
Putra,
59200 Kuala Lumpur

Setapak Central Mall

G49, 67, Jalan Taman Ibu Kota,
Taman Danau Kota, Setapak,
53300 Kuala Lumpur

Selangor

Alamanda

Lot LG-70, 71 & 72, Ground Floor,
Alamanda Putrajaya Shopping
Centre,
Jalan Alamanda, Precinct 1,
62000 Putrajaya

Cheras

3-G, Jalan C180/1,
Dataran C180,
43200 Cheras, Selangor

D'House

Lot 10, Jalan Delima 1/1,
Subang Hi-Tech Industrial Park,
40000 Shah Alam, Selangor

Klang

Lot B-G-8, BBT One Tower,
Lebu Batu Nilam 2,
Bandar Bukit Tinggi,
41200 Klang, Selangor

SS2

24, Jalan SS2/66,
47300 Petaling Jaya, Selangor

Sunway Pyramid

Lot LG2.69, Lower Ground 2,
Sunway Pyramid Shopping Mall,
3, Jalan PJS 11/15,
Bandar Sunway,
46150 Petaling Jaya, Selangor

Melaka

Melaka
2, Plaza Merdeka,
Jalan Plaza Merdeka,
75000 Melaka

Negeri Sembilan

Seremban

62A, Jalan Tuanku Munawir,
70000 Seremban, N.Sembilan

Johor

Batu Pahat

1-1D, Jalan Zabedah,
83000 Batu Pahat, Johor

Danga Bay

Block 6-G-35, Danga Walk,
Batu 41/2, Jalan Skudai,
80200 Johor Bahru, Johor

Taman Molek

6 & 8, Jalan Molek 1/12,
Taman Molek,
81100 Johor Bahru, Johor

Penang

Bayan Baru

1B-G-08 & 1B-G-09, Ground Floor,
One Precinct, Lengkok Mayang
Pasar,
11950 Bayan Baru, Penang

Pulau Tikus

368-1-05 & 06, Bellisa Row,
Jalan Burmah,
10350 Pulau Tikus, Penang

Seberang Jaya

8, Ground Floor, Jalan Todak Dua,
Pusat Bandar, Seberang Jaya,
13700 Prai, Penang

Kedah

Alor Setar

2 & 3, Kompleks Perniagaan Pintu
10,
Jalan Pintu Sepuluh,
05100 Alor Setar, Kedah

Perak

De Gardens

DGR-1A, Ground Floor,
3, Persiaran Medan Ipoh,
Medan Ipoh,
31400 Ipoh, Perak

Ipoh

C-G-02, Persiaran Greentown 3,
Greentown Business Centre,
30450 Ipoh, Perak

Pahang

Kuantan

91, Jalan Tun Ismail,
25000 Kuantan, Pahang

Kelantan

Kota Bharu

S/16, PT 232,
Lot 1A, Jalan Hamzah,
15050 Kota Bharu, Kelantan

Terengganu

Kuala Terengganu

Lot PT 3937, Jalan Sultan
Sulaiman,
20000 Kuala Terengganu,
Terengganu

Sabah

1-Borneo

Lot G612, Ground Floor 1 Borneo
Hypermail,
Jalan Sulaman,
88450 Kota Kinabalu, Sabah

Api-Api

Lot 5/G3, Ground & 1st Floor,
Api-Api Centre,
88000 Kota Kinabalu, Sabah

Sarawak

Kuching

Lot 506-507, Section 6 KTLD,
Jalan Kulas Tengah,
93400 Kuching, Sarawak

Miri

Lot 2037, Jalan Datuk
Temenggong Oyong Lawai,
Marina Square Phase 1,
98000 Miri, Sarawak

Sibu

17 & 19, Ground Floor,
Jalan Tong Sang,
Off Jalan Wong King Huo,
96000 Sibu

List of Properties

As at 31 December 2021

No.	Location	Tenure	Description / Existing Use	Date of Acquisition	Area	Age of Building (Years)	Net Book Value as at 31.12.2021 RM'000
1	H.S. (D) No 92086 & 92087 P.T. No 9 & No.10 Pekan Seremban Jaya Daerah Seremban, Negeri Sembilan	Freehold	Land with a building / Telecommunications Centre	29.12.1997	22,529 sq ft	22	503
2	Unit No 202-4-11 Sri Bandar Besi Jalan Sungai Besi Sungai Besi, Kuala Lumpur	Freehold	Apartment / Housing base transceiver equipment	26.01.1995	802 sq ft	24	63
3	Unit No C16-2 Indera Subang UEP Jalan UEP 6/2L UEP Subang Jaya, Petaling Jaya Selangor	Freehold	Apartment / Housing base transceiver equipment	04.02.1995	2,249 sq ft	26	336
4	No 1-16.2, 16 th Floor Union Height, Taman Yan Jalan Klang Lama, Kuala Lumpur	Freehold	Apartment / Housing base transceiver equipment	25.01.1995	1,249 sq ft	25	126
5	3 rd Floor Unit Pt 4888/4786 C Block TC-14 Taman Sri Gombak Jalan Batu Caves, Selangor	Freehold	Apartment / Housing base transceiver equipment	29.03.1995	1,319 sq ft	24	48
6	4572, 7 th Floor Sri Jelatek Condominiums Section 10, Wangsa Maju Kuala Lumpur	Freehold	Apartment / Housing base transceiver equipment	07.02.1995	1,115 sq ft	24	98
7	32, PLO 151 Jln Angkasa Mas Utama Kawasan Perindustrian Tebrau II 81100 Johor Bahru, Johor	Leasehold 30 years lease (expiring in 2053)	Land with a building / Telecommunications Centre	12.05.1995	1.58 acres	25	4,103
8	HS (D) 77, No. P.T. PTBM/A/081 Mukim 1, Kawasan Perusahaan Perai, District Seberang Perai Tengah, Pulau Pinang	Leasehold 60 years (expiring in 2033)	Land with a building / Telecommunications Centre	23.03.1995	1 acre	45	1,192
9	Lot 36, Sedco Light Industrial Estate, Jalan Kelombong Kota Kinabalu, Sabah	Leasehold 60 years (expiring in 2034)	Land with a building / Telecommunications Centre	12.06.1995	0.938 acre	39	1,346
10	Lot 1220, Section 66 Kuching Town Land District, Sarawak	Leasehold 60 years (expiring in 2036)	Land with a building / Telecommunications Centre	15.08.1995	4,124 sq ft	24	1,153
11	No 112, Semambu Industrial Estate Kuantan, Pahang	Leasehold 66 years (expiring in 2041)	Land with a building / Telecommunications Centre	07.07.1995	4 acres	37	1,310
12	Unit No M803 8 th Floor, Sunrise Park Ampang, Kuala Lumpur	Leasehold 99 years (expiring in 2088)	Apartment / Housing base transceiver equipment	22.03.1995	1,100 sq ft	28	80
13	H.S.(D) 12776, P.T. No. 15866 Mukim Bentong District of Bentong, Pahang	Leasehold 99 years (expiring in 2091)	Land with a building / Earth Station Complex	07.08.1996	7.5 acres	26	4,831
14	Plot D-38 Taman Industri Prima Kota Fasa 1 Sector 3, Bandar Indera Mahkota Kuantan, Pahang	Leasehold 99 years (expiring in 2097)	Land with Fixed Line switch and base transceiver station	14.11.1997	25,521 sq ft	22	327

List of Properties

As at 31 December 2021

No.	Location	Tenure	Description / Existing Use	Date of Acquisition	Area	Age of Building (Years)	Net Book Value as at 31.12.2021 RM'000
15	Ptd 1490, Mukim Of Jemaluang District Of Mersing Johor	Leasehold 99 years (expiring in 2098)	Land with trunk station	17.08.1999	40,000 sq ft	20	95
16	PN 89926, Lot 191363 Mukim Hulu Kinta Daerah Kinta, Perak	Leasehold 90 years (expiring in 2081)	Land with a building / Telecommunications Centre	15.07.1999	5,942 sq ft	20	176
17	Lot No 54, Jalan 6/2 Kawasan Perindustrian Seri Kembangan 43000 Seri Kembangan, Selangor	Leasehold 99 years (expiring in 2091)	Land with a building / Telecommunications Centre	23.05.2000	18,050 sq ft	30	1,551
18	Lot 2728 Miri Concession Land District Lopeng, Miri, Sarawak	Leasehold 60 years (expiring in 2027)	Land with cabin container / Telecommunications Centre	29.09.2000	4,937 sq m	N/A	694
19	Lot 10, Jalan Delima 1/1 Subang Hi-Tech Industrial Park 40000 Shah Alam, Selangor	Freehold	Land with a building	19.07.2001	284,485 sq ft	14	64,464
20	No. 24, Jalan KIP 7 Taman Perindustrian KIP 52200 Kuala Lumpur	Freehold	Land with a building / Telecommunications Centre	21.08.2002	17,847 sq ft	23	2,779
21	Lot 42, Jalan Delima 1/1 Subang Hi-Tech Industrial Park 40000 Shah Alam, Selangor	Freehold	Parking Lot	28.04.2008 (Title transferred date)	91,676 sq ft	N/A	8,234
22	Lot 43, Jalan Delima 1/1 Subang Hi-Tech Industrial Park 40000 Shah Alam, Selangor	Freehold	Land with a building / Telecommunications Centre	06.04.2008 (Title transferred date)	92,142 sq ft	10	60,428
23	13-1 st Floor Gemilang Indah Condominium Geran Mukim 2227/M1/2/7 Lot 295, Sek 98, Bandar KL Wilayah Persekutuan	Freehold	Apartment unit	26.10.2009	935 sq ft	29	105
24	H.S.(M) 26928 PT 180 Pekan Serdang Tempat Seri Kembangan Daerah Petaling, Selangor	Leasehold 90 years (expiring in 2099)	Land with a building / Telecommunications Centre	03.03.2009	1803 sq m	24	3,752
25	Title No. PN 89925, Lot 191362 No.4, Hala Perusahaan Kledang U5 Kawasan Perusahaan Menglembu Daerah Kinta, Perak	Leasehold 90 years (expiring in 2099)	Land with a building / Telecommunications Centre	21.09.2009	358 sq m	19	628
							158,421

Notes:

The Group does not adapt a revaluation policy on landed properties.

N/A denotes "Not Applicable"

Telecommunications Centre Under Rented Properties

1 Site No. 10341 - MSH Lot 30 SHT Landlord : Ng Lee Lin	2 Site No. 40521 - MMG Menglembu Landlord : Jubli Raya Sdn. Bhd.	3 Site No. 10251 - MKL KL Plaza Landlord : Sinar Merdu Sdn. Bhd.	4 Site No. 90142 - MSB Sibul Landlord : Lee Yau Poh
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Disclosure of Recurrent Related Party Transactions

At the Annual General Meeting held on 18 May 2021, the Company obtained a shareholders' mandate to allow the Group to enter into recurrent related party transactions of revenue or trading nature.

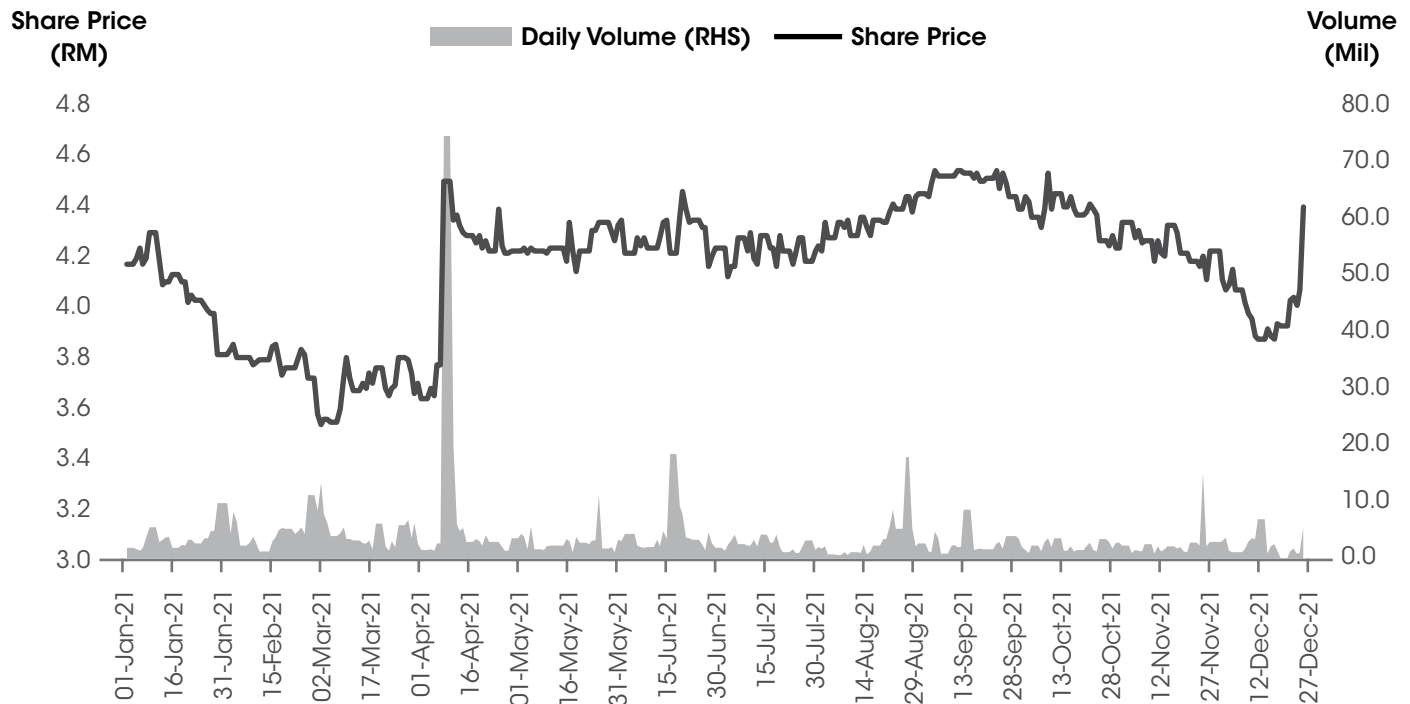
In accordance with Practice Note 12 of Main Market Listing Requirements of Bursa Securities, the details of recurrent related party transactions conducted during the financial year ended 31 December 2021 pursuant to the shareholders' mandate are disclosed as follows:-

Digi Group with the following related parties	Digi and/or its subsidiary companies	Nature of transaction undertaken by/ provided to Digi and/or its subsidiaries	Sales of goods and services during the financial year RM'000	Purchase of goods and services during the financial year RM'000
Telenor Group of Companies				
Telenor Group	DTSB	Business service costs, which include consultancy, training programmes and advisory fees ("Business Service Costs")	-	40,031
Telenor Group	DTSB	Personnel services payable and professional fees ("Professional Service")	1,052	3,449
Telenor Group	DTSB	International Accounting Settlement. This refers to an arrangement for interconnection services on international traffic between foreign carriers	16,487	17,689
Telenor Group	DTSB	International Roaming	285	1,119
Telenor Group	DTSB	IP Transit (Internet Upstream)	-	251
Telenor Group	DTSB	Global connectivity services Telenor Business Units (BUs) in Asia and to data centers for common services	-	3,043
Telenor Group	DTSB	Services rendered on Enterprise Resource Planning ("ERP") and enterprise applications	-	4,749
Telenor Group	DTSB	License and trademarks	-	9,510
Telenor Group	DTSB	Managed Services	-	36,220
Telenor Group	DTSB	Cloud based software infrastructure services	-	9,444
Telenor Group	DTSB	Business Security cost	-	8,616
Telenor Group	DTSB	Bandwidth leasing	10,994	3,185
TOTAL			28,818	137,306

Notes:

1. Telenor Group refers to Telenor ASA and its subsidiary and related companies (including the associated companies). Telenor ASA is the ultimate holding company of Digi.Com Berhad (Digi).
2. Digi Telecommunications Sdn. Bhd. ("DTSB") is a wholly-owned subsidiary of Digi.

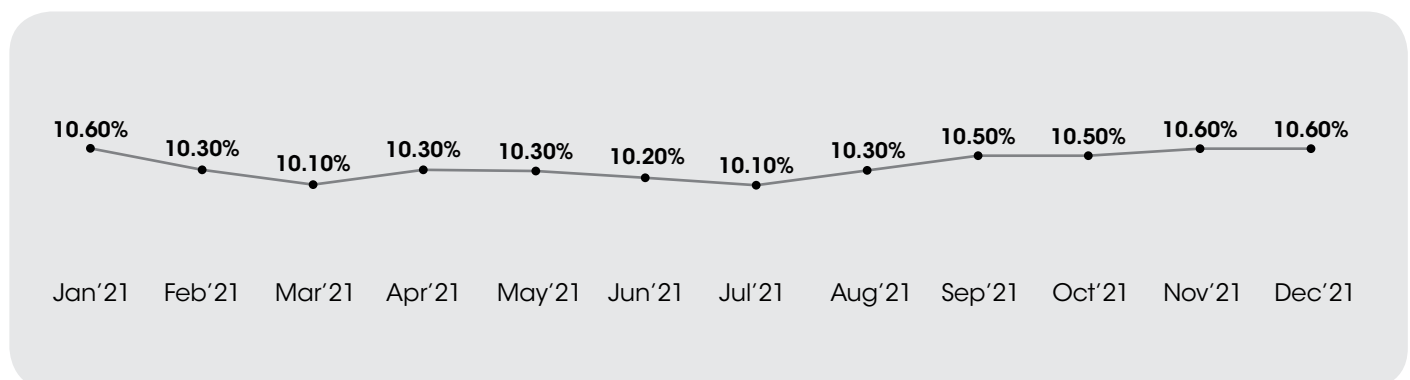
Share Price Development



1Q21		2Q21		3Q21		4Q21	
High	RM4.26	High	RM4.46	High	RM4.50	High	RM4.49
Low	RM3.52	Low	RM3.62	Low	RM4.09	Low	RM3.85
Average	RM3.83	Average	RM4.19	Average	RM4.31	Average	RM4.19
Volume (mil)	389.5	Volume (mil)	542.5	Volume (mil)	262.3	Volume (mil)	221.8

Historical Monthly Foreign Shareholdings

Our foreign shareholdings were relatively sustained at around 10.10% to 10.60%, as foreign investors stayed cautious amid the high Covid-19 infectivity rate and subdued industry outlook.



Statistics on Shareholdings

As at 16 March 2022

Total number of Issued Shares : 7,775,000,000
 Class of Equity Securities : Ordinary Share ("Share")
 Voting Rights : One vote per Share

ANALYSIS BY SIZE OF HOLDINGS AS AT 16 MARCH 2022

Size of Holdings	No. of Holders		No. of Shares	
		%		%
1-99	1,114	4.163	11,992	0.000
100-1,000	12,105	45.234	6,862,090	0.088
1,001-10,000	10,789	40.316	42,650,095	0.549
10,001-100,000	2,050	7.660	57,847,934	0.744
100,001-388,749,999 (*)	700	2.616	2,150,977,589	27.665
388,750,000 AND ABOVE (**)	3	0.011	5,516,650,300	70.954
Total	26,761	100.000	7,775,000,000	100.000

Remarks:

* Less than 5% of issued shares

** 5% and above of issued shares

SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 16 MARCH 2022

Name	Number of Shares			
	Direct Interest	%	Deemed Interest	%
1. Telenor Asia Pte Ltd	3,809,750,300	49.00	-	-
2. Telenor Mobile Communications AS	-	-	3,809,750,300 ^(a)	49.00
3. Telenor Mobile Holding AS	-	-	3,809,750,300 ^(b)	49.00
4. Telenor ASA	-	-	3,809,750,300 ^(c)	49.00
5. Employees Provident Fund Board	1,174,551,690	15.11	-	-
6. AmanahRaya Trustees Berhad - Amanah Saham Bumiputera	600,797,600	7.73	-	-

Notes:

^(a) Deemed interested by virtue of its 100% interest in Telenor Asia Pte Ltd.

^(b) Deemed interested by virtue of its 100% interest in Telenor Mobile Communications AS.

^(c) Deemed interested by virtue of its 100% interest in Telenor Mobile Holding AS.

Statement of Directors and CEO's Shareholdings

As at 16 March 2022

The Company Digi.Com Berhad	Number of Ordinary Shares			
	Direct Interest	%	Deemed Interest	%
Directors				
Haakon Bruaset Kjoel	-	-	-	-
Vimala V.R. Menon	-	-	-	-
Yasmin Binti Aladad Khan	-	-	-	-
Datuk Iain John Lo	-	-	-	-
Lars Erik Tellmann	-	-	-	-
Wenche Marie Agerup	-	-	-	-
Chief Executive Officer				
Albern Murty	4,600	0.00006	-	-

Ultimate Holding Company Telenor ASA	Number of Ordinary Shares of NOK6 each			
	Direct Interest	%	Deemed Interest	%
Haakon Bruaset Kjoel	21,051	0.0015	-	-
Lars Erik Tellmann	58,978	0.0042	-	-
Wenche Marie Agerup	19,307	0.0014	-	-

Ultimate Holding Company Telenor ASA	Number of Options over Ordinary Shares of NOK6 each			
	Direct Interest	%	Deemed Interest	%
Haakon Bruaset Kjoel	-	-	-	-
Lars Erik Tellmann	-	-	-	-
Wenche Marie Agerup	-	-	-	-

List of Thirty (30) Largest Shareholders

As at 16 March 2022

	Name of Shareholders	No. of Shares	%
1	CITIGROUP NOMINEES (ASING) SDN. BHD. TELENOR ASIA PTE LTD (DIGI)	3,809,750,300	49.000
2	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. EMPLOYEES PROVIDENT FUND BOARD	1,106,102,400	14.226
3	AMANAHRAYA TRUSTEES BERHAD AMANA SAHAM BUMIPUTRA	600,797,600	7.727
4	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	285,746,900	3.675
5	CARTABAN NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR STATE STREET BANK & TRUST COMPANY (WEST CLT OD67)	79,064,600	1.016
6	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. URUSHARTA JAMAAH SDN. BHD. (1)	72,277,500	0.929
7	CARTABAN NOMINEES (TEMPATAN) SDN. BHD. PAMB FOR PRULINK EQUITY FUND	70,962,700	0.912
8	LEMBAGA TABUNG HAJI	70,022,150	0.900
9	AMANAHRAYA TRUSTEES BERHAD AMANA SAHAM MALAYSIA 2 - WAWASAN	62,600,000	0.805
10	AMANAHRAYA TRUSTEES BERHAD AMANA SAHAM BUMIPUTERA 2	62,000,000	0.797
11	AMANAHRAYA TRUSTEES BERHAD AMANA SAHAM MALAYSIA 3	56,765,800	0.730
12	HSBC NOMINEES (ASING) SDN. BHD. JPMCB NA FOR VANGUARD EMERGING MARKETS STOCK INDEX FUND	51,728,733	0.665
13	AHMAD SEBI BIN BAKAR	50,923,830	0.654
14	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. MAYBANK TRUSTEES BERHAD FOR PUBLIC ITTIKAL FUND (N14011970240)	48,500,000	0.623
15	HSBC NOMINEES (ASING) SDN. BHD. JPMCB NA FOR VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	47,577,580	0.611
16	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. EXEMPT AN FOR AIA BHD	43,917,014	0.564
17	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. MAYBANK TRUSTEES BERHAD FOR PUBLIC REGULAR SAVINGS FUND (N14011940100)	43,653,700	0.561

List of Thirty (30) Largest Shareholders
As at 16 March 2022

	Name of Shareholders	No. of Shares	%
18	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 1)	37,150,800	0.477
19	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. EMPLOYEES PROVIDENT FUND BOARD (NOMURA)	32,261,590	0.414
20	AMANAHRAYA TRUSTEES BERHAD PUBLIC ITTIKAL SEQUEL FUND	31,655,000	0.407
21	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 3)	22,763,500	0.292
22	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM BUMIPUTERA 3 - DIDIK	21,664,200	0.278
23	DB (MALAYSIA) NOMINEE (ASING) SDN. BHD. BNYM SA/NV FOR PEOPLE'S BANK OF CHINA (SICL ASIA EM)	21,577,600	0.277
24	PERMODALAN NASIONAL BERHAD	18,561,900	0.238
25	HSBC NOMINEES (ASING) SDN. BHD. JPMCB NA FOR VANGUARD FIDUCIARY TRUST COMPANY INSTITUTIONAL TOTAL INTERNATIONAL STOCK MARKET INDEX TRUST II	17,377,300	0.223
26	CARTABAN NOMINEES (ASING) SDN. BHD. GIC PRIVATE LIMITED FOR GOVERNMENT OF SINGAPORE (C)	17,169,172	0.220
27	HSBC NOMINEES (ASING) SDN. BHD. JPMCB NA FOR BLACKROCK INSTITUTIONAL TRUST COMPANY, N.A. INVESTMENT FUNDS FOR EMPLOYEE BENEFIT TRUSTS	15,697,800	0.201
28	CITIGROUP NOMINEES (ASING) SDN. BHD. CBNY FOR NORGE BANK (FI 17)	15,173,400	0.195
29	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. EMPLOYEES PROVIDENT FUND BOARD (AFFIN-HWG)	14,639,600	0.188
30	HSBC NOMINEES (ASING) SDN. BHD. J.P. MORGAN SECURITIES PLC	14,520,299	0.186

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Twenty-Fifth Annual General Meeting (“25th AGM”) of Digi.Com Berhad (“the Company”) will be conducted virtually through livestreaming and online voting via the Remote Participation and Electronic Voting (“RPEV”) Facilities, for the purpose of considering and if thought fit, passing the following resolutions set out in this notice:

Meeting Platform	: https://meeting.boardroomlimited.my
Day and Date	: Friday, 13 May 2022 or any adjournment thereof
Time	: 10.00 a.m.
Broadcast Venue	: Studio, Digi Telecommunications Sdn. Bhd. Lot 10, Jalan Delima 1/1 Subang Hi-Tech Industrial Park 40000 Shah Alam Selangor Darul Ehsan, Malaysia
Mode of Communication	: 1) Typed text in the Meeting Platform during the 25 th AGM. The Messaging window facility will open concurrently with the Meeting Platform, i.e. one (1) hour before the AGM, which is from 9.00 a.m. on Friday, 13 May 2022. 2) E-mail questions to invesrel@digicom.my or log into Boardroom Smart Investor Portal at https://investor.boardroomlimited.com prior to the 25 th AGM.

AGENDA

As Ordinary Business

- To receive the Audited Financial Statements for the financial year ended 31 December 2021 and the Reports of the Directors and Auditors thereon.
(Please refer to Note 1 of the Explanatory Notes)
- To re-elect the following Directors who are to retire pursuant to Article 98(A) of the Company’s Articles of Association and being eligible, have offered themselves for re-election:
 - Mr. Haakon Bruaset Kjoel
(Please refer to Note 2 of the Explanatory Notes) **Resolution 1**
 - Mr. Lars Erik Tellmann
(Please refer to Note 2 of the Explanatory Notes) **Resolution 2**
- To re-elect Datuk Iain John Lo who retires pursuant to Article 98(E) of the Company’s Articles of Association and being eligible, has offered himself for re-election.
(Please refer to Note 2 of the Explanatory Notes) **Resolution 3**
- To approve the payment of Directors’ fees of up to RM900,000 for the Independent Non-Executive Directors and benefits payable to the Directors up to an aggregate amount of RM16,000 from 14 May 2022 until the next AGM of the Company. **Resolution 4**
- To re-appoint Messrs. Ernst & Young PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 5**

Notice of Annual General Meeting

As Special Business

To consider and, if deemed fit, to pass the following resolutions:-

6. Ordinary Resolution**Resolution 6**

- **Retention of Puan Yasmin Binti Aladad Khan as Independent Non-Executive Director**

(Please refer to Note 3 of the Explanatory Notes)

THAT approval be and is hereby given to Puan Yasmin Binti Aladad Khan who will serve the Board as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years on 23 July 2022, to continue to act as Independent Non-Executive Director of the Company until the conclusion of the next AGM.

7. Ordinary Resolution**Resolution 7**

- **Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature, to be entered with Telenor ASA ("Telenor") and Persons Connected with Telenor ("Proposed Shareholders' Mandate")**

(Please refer to Note 4 of the Explanatory Notes)

THAT, subject to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature with Telenor and persons connected with Telenor as specified in Section 2.3 of the Circular to Shareholders dated 13 April 2022, which are necessary for the day-to-day operations and/or in the ordinary course of business of the Company and its subsidiaries on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company and that such approval shall continue to be in force until:

- (i) the conclusion of the next AGM of the Company following the forthcoming AGM at which the Proposed Shareholders' Mandate shall be passed, at which time it will lapse, unless by a resolution passed at a general meeting, the authority conferred by this resolution is renewed;
- (ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or
- (iii) revoked or varied by resolution passed by the shareholders at a general meeting,

whichever is earlier.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Shareholders' Mandate.

8. Special Resolution**Special Resolution****- Proposed Amendment to the Memorandum of Association of the Company**

(Please refer to Note 5 of the Explanatory Notes)

THAT the Clause 5 of the Company's Memorandum of Association of the Company be amended by deleting the first sentence "The capital of the Company is Ringgit Malaysia One Billion (RM1,000,000,000/-) only divided into 100,000,000,000 ordinary shares of RM0.01 each." and that amended Clause 5 shall be read as follows:-

"The shares in the original or any increased capital may be divided into several classes and there may be attached thereto respectively any preferential, deferred or other special rights, privileges, conditions or restrictions as to dividends, capital, voting or otherwise."

AND THAT the Directors of the Company be and are hereby authorised to do all acts, deeds and things as are necessary and/or expedient in order to give full effect to the Proposed Amendment to the existing Memorandum of Association of the Company with full powers to assent to any conditions, modifications, variations and/or amendments as may be required by any relevant authorities.

As Other Business

9. To transact any other business of which due notice has been given in accordance with the Companies Act 2016 and the Company's Articles of Association.

By Order of the Board

Choo Mun Lai (MAICSA No. 7039980)
(SSM PC No. 201908001003)
Tai Yit Chan (MAICSA No. 7009143)
(SSM PC No. 202008001023)
Company Secretaries

Selangor Darul Ehsan
13 April 2022

Notice of Annual General Meeting

(A) NOTES

- (i) As part of the continuing measures to stem the spread of the Coronavirus Disease (Covid-19), the 25th AGM of the Company will be conducted on virtual basis through live streaming and online voting using RPEV facilities at <https://meeting.boardroomlimited.my>. The procedures for members to register, participate and vote remotely via the RPEV facilities are provided in the Administrative Guides for the 25th AGM.
- (ii) Please follow the procedures set out in the Administrative Guides for the 25th AGM which is available on the Company's website at www.digi.com.my/annualreport/index.html to register, attend, speak (in the form of real time submission of typed texts) and vote (collectively, "participate") remotely via the RPEV facilities.
- (iii) The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chair of the 25th AGM of the Company to be present at the main venue in Malaysia. Shareholders/Proxies/Corporate Representatives **WILL NOT BE ALLOWED** to attend the 25th AGM in person at the Broadcast Venue on the day of the meeting. Any Shareholders or Proxies or Corporate Representatives who turn up at the Broadcast Venue would be requested to leave the venue politely.
- (iv) In respect of deposited securities, only Shareholders whose names appear on the Record of Depositors on 5 May 2022 (General Meeting Record of Depositors) shall be eligible to attend, participate, speak and/or vote at the meeting.
- (v) A shareholder entitled to participate at the 25th AGM is entitled to appoint not more than two (2) proxies to participate on his/her behalf. Where a Shareholder appoints more than one (1) proxy, the appointment shall not be valid unless he/she specifies the proportions of his/her shareholdings to be represented by each proxy.
- (vi) A proxy or attorney need not be a Shareholder of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to participate at the meeting shall have the same rights as the Shareholder to speak at the Meeting.
- (vii) Where a Shareholder of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account) as defined under the Securities Industry (Central Depositories) Act 1991, there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
- (viii) The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, and in the case of a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
- (ix) The instrument appointing a proxy together with the power of attorney (if any) or a certified copy thereof must be deposited at the Poll Administrator's Office, Boardroom Share Registrars Sdn. Bhd. at Ground Floor or 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan at least forty-eight (48) hours before the time appointed for the holding of the meeting or adjourned meeting, otherwise the instrument of proxy should not be treated as valid. Alternatively, the Form of Proxy can be submitted electronically via <https://investor.boardroomlimited.com> before the proxy form submission cut-off time as mentioned in the above. For further information on the electronic submission of Form of Proxy, kindly refer to the Administrative Guide. A Member is not precluded from attending the meeting in person after lodging the instrument of proxy, however, such attendance shall automatically revoke the authority granted to the proxy.

Notice of Annual General Meeting

- (x) Any Notice of Termination of Authority to act as Proxy must be received by the Company at least forty-eight (48) hours before the time appointed for the holding of the meeting or adjourned meeting, failing which, the termination of the authority of a person to act as proxy will not affect the following in accordance with Section 338 of the Companies Act 2016:-
- a. the constitution of the quorum at such meeting;
 - b. the validity of anything he/she did as Chair of such meeting;
 - c. the validity of a poll demanded by him/her at such meeting; or
 - d. the validity of the vote exercised by him/her at such meeting.
- (xi) Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of AGM will put to vote by way of poll. Poll Administrator and Independent Scrutineers will be appointed to conduct the polling process and verify the results of the poll respectively.

(B) EXPLANATORY NOTES**1. Audited Financial Statements for the financial year ended 31 December 2021**

The Audited Financial Statements under Item 1 of the Agenda are laid in accordance with Section 340(1)(a) the Companies Act 2016 for discussion only. They do not require shareholders' approval and hence, this agenda item will not be put forward for voting.

2. Ordinary Resolutions 1 to 3 – Re-election of Directors

The Board via the Nomination Committee has reviewed the performance of each Director subject for re-election, through an annual assessment, are satisfied with the performance, contribution and effectiveness of the Directors. Mr. Haakon Bruaset Kjoel, Mr. Lars Erik Tellmann and Datuk Iain John Lo being eligible, have offered themselves for re-election at this AGM.

These three (3) retiring Directors have abstained from deliberations and decisions on their own eligibility and suitability to stand for re-election at the relevant Board and Board Committees meetings. They do not hold any shares in the Company and have no conflict of interests with the Company. The profiles of these retiring Directors are set out on pages 84, 86 and 88 of the Integrated Annual Report 2021.

3. Ordinary Resolution 6 - Retention of Puan Yasmin Binti Aladad Khan as Independent Non-Executive Director

The Board via the Nomination Committee, through an annual assessment, has reviewed and recommended the retention of Puan Yasmin Binti Aladad Khan who will serve the Board for more than nine (9) years on 23 July 2022 to continue to act as Independent Non-Executive Director of the Company based on the following justifications:

- She fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.
- Puan Yasmin's vast experience enables her to provide the Board with a diverse set of experience, expertise, skills and competence. She has good understanding of the industry and the Company's business operations which enable her to participate actively and contribute effectively for robust discussion at the Audit and Risk Committee, Nomination Committee, Remuneration Committee and Board Meetings without compromising her independence and objective judgement.
- She has exercised due care and promotes good corporate governance practices during her tenure as Independent Non-Executive Director of the Company and carried out her duties in the best interest of the Company.

Notice of Annual General Meeting

- Sufficient time is required by the Company to find a suitable successor for Puan Yasmin as an Independent Non-Executive Director, who is also the Chair of the Nomination Committee and a member of Audit and Risk Committee and Remuneration Committee to ensure an orderly succession plan.

Puan Yasmin has abstained from deliberation and decision on her retention as Independent Non-Executive Director at the Nomination Committee and Board meetings. She does not hold any shares in the Company and has no conflict of interests with the Company. The profile of Puan Yasmin is set out on page 87 of the Integrated Annual Report 2021.

4. Ordinary Resolution 7 - Proposed Shareholders' Mandate

Ordinary Resolution 7 proposed under item 7 of the Agenda, if passed, will allow the Company and its subsidiaries ("Group") to enter into recurrent related party transactions, in accordance with paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, without the necessity to convene separate general meetings from time to time to seek shareholders' approval as and when such recurrent related party transactions occur. This would reduce substantial administrative time and expenses associated with the convening of such meetings without compromising the corporate objectives of the Group or affecting the business opportunities available to the Group. The shareholders' mandate is subject to renewal on an annual basis.

5. Special Resolution - Proposed Amendment to the Memorandum of Association of the Company

This Special Resolution proposed under item 8 of the Agenda, if passed, will allow the Company to remove the redundancy of the share capital clause under the no par value regime. The amendment will not have any effect on the issued share capital, substantial shareholders' shareholdings, net assets, gearing or earnings of the Company.

The Proposed Amendment to the Memorandum of Association of the Company shall take effect once it has been passed by a majority of not less than seventy-five percent (75%) of such members of the Company who are entitled to participate in person or by proxy at the 25th AGM.

Personal data privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, participate, speak and vote at the AGM and/or any adjournment thereof, a Shareholder of the Company (i) consents to the collection, use and disclosure of the Shareholder's personal data by the Company (or its agents) for the purpose of processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof), and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the Shareholder discloses the personal data of the Shareholder's proxy(ies) and/or representative(s) to the Company (or its agents), the Shareholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Shareholder will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Shareholder's breach of warranty.

FORM OF PROXY

DIGI.COM BERHAD
Registration No. 199701009694 (425190-X)
(Incorporated in Malaysia)

No. of shares held	
CDS Account No.	

I/We* _____ NRIC / Passport / Registration No.* _____
(Name in full)

of _____
(Address)

with email address _____ tel. no. _____

being a shareholder/shareholders of **DIGI.COM BERHAD** ("the Company"), hereby appoint:

Full Name:	NRIC/Passport No.:	Proportion of shareholding to be represented by the proxy/proxies:	
		No. of Shares	%
Address:			
Tel. No.:		Email Address:	
*And/or			

Full Name:	NRIC/Passport No.:	Proportion of shareholding to be represented by the proxy/proxies:	
		No. of Shares	%
Address:			
Tel. No.:		Email Address:	
*And/or			

or failing him/her, the *Chair of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Twenty-Fifth Annual General Meeting ("25th AGM") of the Company to be conducted on virtual basis through live streaming and online voting via the Remote Participation and Electronic Voting ("RPEV") Facilities at the Broadcast Venue: Studio, Digi Telecommunications Sdn. Bhd., Lot 10, Jalan Delima 1/1, Subang Hi-Tech Industrial Park, 40000 Shah Alam, Selangor Darul Ehsan, Malaysia on Friday, 13 May 2022 at 10.00 a.m. or any adjournment thereof.

*Please delete as appropriate.

This proxy is to vote on the resolutions set out in the Notice of the Meeting, as indicated with an 'X' in the appropriate spaces below. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.

No.	Resolution		For	Against
	Ordinary Business			
1	Re-election of Mr. Haakon Bruaset Kjoel as Director.	Ordinary Resolution 1		
2	Re-election of Mr. Lars Erik Tellmann as Director.	Ordinary Resolution 2		
3	Re-election of Datuk Iain John Lo as Director.	Ordinary Resolution 3		
4	Approval of the payment of Directors' fees and benefits payable to the Independent Non-Executive Directors.	Ordinary Resolution 4		
5	Re-appointment of Messrs. Ernst & Young PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.	Ordinary Resolution 5		
	Special Business			
6	Retention of Puan Yasmin Binti Aladad Khan as Independent Non-Executive Director.	Ordinary Resolution 6		
7	Proposed renewal of existing Shareholders' Mandate for recurrent related party transactions of a revenue or trading nature, to be entered with Telenor ASA and persons connected with Telenor ASA.	Ordinary Resolution 7		
8	Proposed amendment to the Memorandum of Association of the Company.	Special Resolution		

Signed this _____ day of _____, 2022.

Signature or Common Seal of Member(s)

Tel. No. _____

Notes:

- (i) As part of the continuing measures to stem the spread of the Coronavirus Disease (Covid-19), the 25th AGM of the Company will be conducted on virtual basis through live streaming and online voting using RPEV facilities at <https://meeting.boardroomlimited.my>. The procedures for members to register, participate and vote remotely via the RPEV facilities are provided in the Administrative Guides for the 25th AGM.
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- (v) A shareholder entitled participate at the 25th AGM is entitled to appoint not more than two (2) proxies to participate on his/her behalf. Where a Shareholder appoints more than one (1) proxy, the appointment shall not be valid unless he/she specifies the proportions of his/her shareholdings to be represented by each proxy.
- (vi) A proxy or attorney need not be a Shareholder of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to participate at the meeting shall have the same rights as the Shareholder to speak at the Meeting.
- (vii) Where a Shareholder of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account) as defined under the Securities Industry (Central Depositories) Act 1991, there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.

Fold along this line (1)

Affix
Stamp
Here

Poll Administrator office,
Boardroom Share Registrars Sdn. Bhd.
Ground Floor or 11th Floor,
Menara Symphony,
No. 5, Jalan Prof. Khoo Kay Kim,
Seksyen 13, 46200 Petaling Jaya,
Selangor Darul Ehsan.

Fold along this line (2)

- (viii) The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, and in the case of a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
- (ix) The instrument appointing a proxy together with the power of attorney (if any) or a certified copy thereof must be deposited at the Poll Administrator's Office, Boardroom Share Registrars Sdn. Bhd. at Ground Floor or 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan at least forty-eight (48) hours before the time appointed for the holding of the meeting or adjourned meeting, otherwise the instrument of proxy should not be treated as valid. Alternatively, the Form of Proxy can be submitted electronically via <https://investor.boardroomlimited.com> before the proxy form submission cut-off time as mentioned in the above. For further information on the electronic submission of Form of Proxy, kindly refer to the Administrative Guides. A Member is not precluded from attending the meeting in person after lodging the instrument of proxy, however, such attendance shall automatically revoke the authority granted to the proxy.
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Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the shareholder accepts and agrees to the personal data privacy terms set out in the Notice of 25th AGM dated 13 April 2022.

part of  telenor
group

www.digi.com.my

Digi.Com Berhad

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